

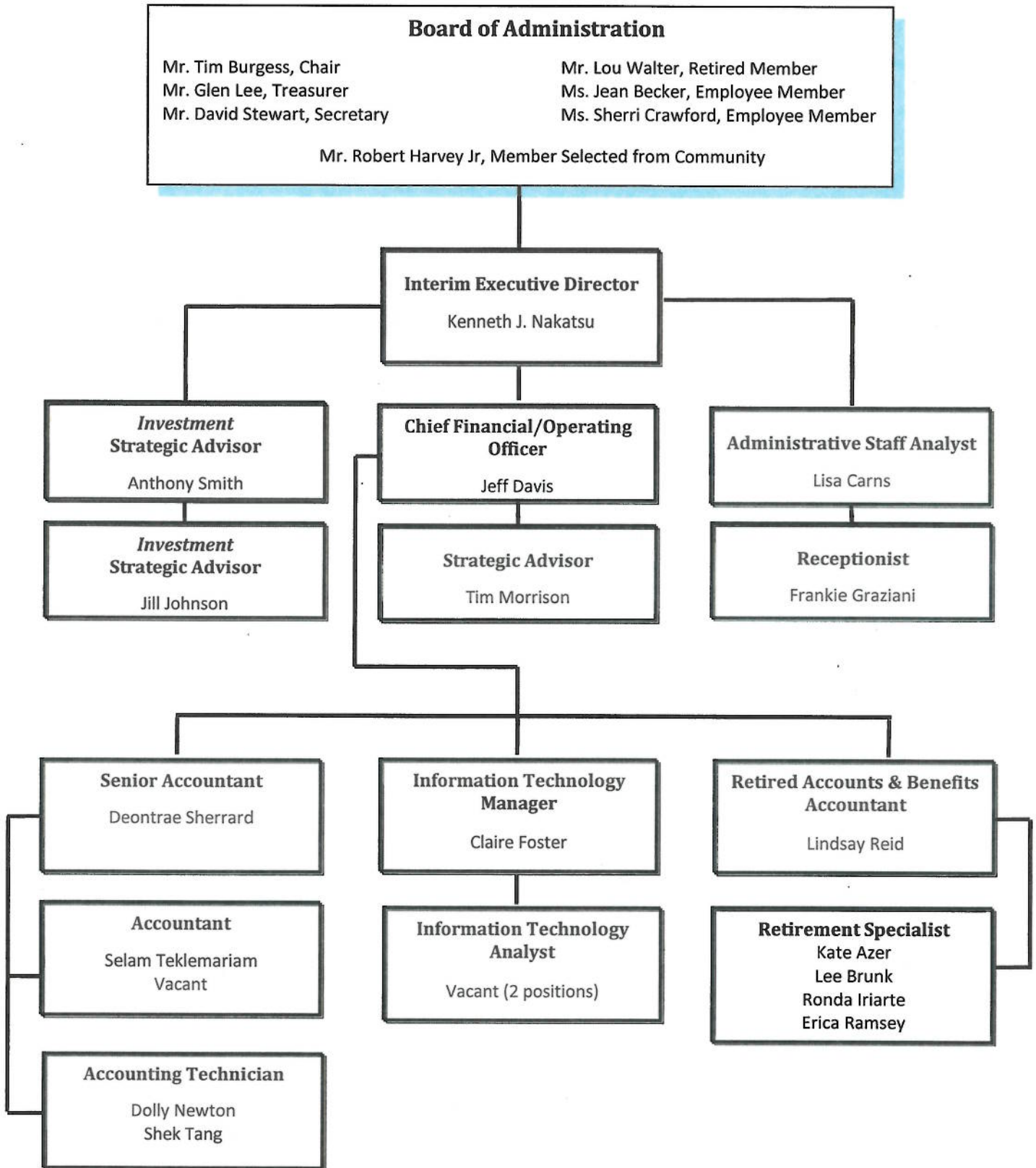
SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
A Pension Trust Fund of the City of Seattle

ANNUAL REPORT

For the Year Ended December 31, 2013

**Prepared by:** Seattle City Employees' Retirement System Staff  
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## 2013 Organizational Chart





# City of Seattle

## Seattle City Employees' Retirement System

720 Third Avenue, Suite 900, Seattle, WA 98104-1829, Telephone: (206) 386-1293, Fax: (206) 386-1506

To the Honorable Mayor and Seattle City Council  
Seattle, Washington

I am pleased to transmit the 2013 Annual Report of the Seattle City Employees' Retirement System. This Annual Report consists of four sections: the Introductory Section contains the Executive Director's letter of transmittal, an organizational chart for the System, and the table of contents for the report; the Financial Section contains the audited financial statements of the System, as well as a letter from the System's certified public accountants; the Actuarial Section contains the independent consulting actuary's opinion, along with related actuarial data and statements; and the Statistical Section includes tables of significant data pertaining to the System operations.

The compilation of this report is the result of the combined effort of the Staff under the leadership of the Retirement Board. The intention is to provide complete and reliable information to assist in management decisions, to present evidence of compliance with legal provisions, and to demonstrate responsible stewardship for the assets contributed by the members and their employers.

The Executive Director and staff have reviewed the internal accounting controls and the financial statements, supporting schedules and statistical tables, and we are of the opinion that they fairly represent the condition of the Retirement System.

The accuracy and completeness of the data contained in this report are the sole responsibility of the management of the Seattle City Employees' Retirement System.

### Overview of the Seattle City Employees' Retirement System

The Retirement System was created and established by amendment to the Charter of the City of Seattle (Article XXII – Section 13) submitted to the voters at the municipal election of March 8, 1927. The System, known thereafter as the Seattle City Employees' Retirement System (SCERS), is to provide retirement income to help maintain the quality of life for its former employees. The retirement plan is a defined benefit plan, which means the employee's salary, years of service, and age at the time of retirement are used to determine the amount of retirement benefits. Members of the Retirement System also participate in Social Security.

The Retirement System covers employees of the City of Seattle, the Seattle Public Library, and certain employees of King County and METRO. The Retirement System does not cover law enforcement officers and fire fighter employees. The year ended December 31, 2013, concludes our 86th year of operations.

The City of Seattle also sponsors a voluntary deferred compensation plan which permits employees to make pre-tax contributions up to the federal limits and manage the investment allocation of their contributions. This plan is administered through the City Personnel department and a third party administrator.

### **Distribution of the 2013 Annual Report**

The report will be posted to the System's website. We trust the departments and Retirement System members will find this report both informative and helpful.

We would like to express our gratitude to the staff, the advisors, and to the many other people who have worked so diligently to assure the successful operation of the System.

Respectfully submitted,  
BOARD OF ADMINISTRATION,  
SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

Kenneth J. Nakatsu  
Interim Executive Director



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**FINANCIAL**  
**Independent Auditors Report**

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**Report of Independent Auditors**  
**and Financial Statements with**  
**Required Supplementary Information**  
**and Additional Information**

**December 31, 2013 and 2012**



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## INDEPENDENT AUDITORS' REPORT

Board of Administration  
Seattle City Employees' Retirement System  
Seattle, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Seattle City Employees' Retirement System (SCERS), which comprise the statements of plan net position as of December 31, 2013 and 2012, and the related statements of changes in plan net position for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SCERS as of December 31, 2013 and 2012, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Report on Other Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
June 19, 2014



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Years Ended December 31, 2013 and 2012**

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This section presents management's discussion and analysis of the Seattle City Employees' Retirement System's (SCERS or the System) financial performance during the years ended December 31, 2013 and 2012. Please read it in conjunction with the accompanying financial statements and the related notes.

The City of Seattle is responsible for establishing and maintaining an internal control structure designed to ensure the protection of assets from loss, theft, or misuse, and to ensure the accounting information generated is adequate to prepare financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, though not absolute, assurance of achieving these objectives.

As a department of the City of Seattle, the Seattle City Employees' Retirement System is subject to this internal control structure. In addition, section 4.36.140.D of the Seattle Municipal Code requires the Board of Administration to annually transmit a report of the financial condition of the System to the City Council.

This report is prepared in accordance with the principles of governmental accounting and reporting promulgated by the Governmental Accounting Standards Board (GASB). Investments are stated at fair value, and revenues include the recognition of unrealized gains and losses. The accrual basis of accounting is used to record assets, liabilities, revenues and expenses. Revenue recognition occurs when earned without regard to the date of collection. Expense recognition occurs when the corresponding liabilities are incurred, regardless of payment date. The basis of contributions to the System follows the principles of level cost financing, with current service financed on a current basis. Milliman Consultants and Actuaries, the consulting actuary, evaluates the funding status of the System.

**This report contains the following information:**

- 1. Basic Financial Statements** including:
  - a. Statements of Plan Net Position
  - b. Statements of Changes in Plan Net Position
  - c. Notes to the Financial Statements
- 2. Required Supplementary Information** including:
  - a. Schedule of Funding Progress
  - b. Schedule of Employer Contributions
- 3. Additional Information** including:
  - a. Schedule of Administrative Expenses
  - b. Schedule of Investment Expenses

The basic financial statements are described as follows:

- The Statement of Plan Net Position shows the account balances at year-end and includes the net position available for future benefit payments. The liabilities for future benefit payments are not included in this statement; however, they are shown in the Schedule of Funding Progress that is included in the Required Supplementary Information.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2013 and 2012**

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- The Statement of Changes in Plan Net Position shows the sources and uses of funds during the year and illustrates the change in net position from the previous year.
- The Notes to the Financial Statements are an integral part of the financial statements and include additional detailed information and schedules to provide a better understanding of the financial statements.

The required supplementary information provides historical trends that help to reflect the ongoing plan perspective and the long-term nature of the defined benefit plan.

- The Schedule of Funding Progress contains actuarial information about the status of the plan.
- The Schedule of Employer Contributions contains historical trend information regarding the value of the total annual contributions the employer must pay and the actual contributions by employers in meeting this requirement.

#### **Financial Highlights**

- SCERS assets that are held in trust for the payment of future benefits do not exceed the estimate of actuarially accrued liabilities as of December 31, 2013.
- Net position increased by \$265 million (13.6%) during 2013. The primary driver was a \$266 million increase in investment assets. Net position increased by \$198 million (11.3%) during 2012. The primary driver was a \$281 million increase in investment assets.
- Revenue additions to net position for 2013 were \$427 million which includes member and employer contributions of \$137.4 million and revenue from investment activity totaling \$289.8 million. Revenue additions to net position for 2012 were \$350 million which includes member and employer contributions of \$119.6 million and revenue from investment activity totaling \$230.7 million.
- Expenses (deductions from net position) for 2013 increased by \$9.4 million (6.1%) from 2012. This can be primarily attributed to a \$7.3 million increase in retiree benefits. In 2013, the net increase in the number of retirees receiving benefits was 2.9%. Expenses for 2012 increased by \$8.2 million (5.7%) from 2011. This can be primarily attributed to a \$10.1 million increase in retiree benefits offset by a \$1.9 million decrease in contribution refunds compared to 2011. In 2012, the net increase in the number of retirees receiving benefits was 2.4%.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2013 and 2012**

**Plan Net Position**

The table below provides a summary of assets and current liabilities for the years ended December 31:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash, short-term investments and receivables	\$ 58,102,260	\$ 61,177,463	\$ 200,138,765
Investments at fair value	2,180,184,714	1,914,325,374	1,633,584,958
Securities lending collateral	<u>13,595,048</u>	<u>10,154,781</u>	<u>3,489,721</u>
<b>Total assets</b>	<u>2,251,882,022</u>	<u>1,985,657,618</u>	<u>1,837,213,444</u>
Securities lending payable	16,750,032	13,404,350	6,911,249
Other payables	<u>18,223,505</u>	<u>20,817,994</u>	<u>76,777,981</u>
<b>Total liabilities</b>	<u>34,973,537</u>	<u>34,222,344</u>	<u>83,689,230</u>
<b>Total net assets</b>	<u>\$ 2,216,908,485</u>	<u>\$ 1,951,435,274</u>	<u>\$ 1,753,524,214</u>

**Changes in Plan Net Position**

The table below provides a summary of the changes in plan net position and reflects the activities of the fund for the years ended December 31:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Additions:</b>			
Employer contributions	\$ 77,073,667	\$ 62,515,432	\$ 50,301,263
Member contributions	60,342,581	57,086,346	50,415,119
Net investment and other	<u>289,817,661</u>	<u>230,702,333</u>	<u>(15,740,371)</u>
<b>Total additions</b>	<u>427,233,909</u>	<u>350,304,111</u>	<u>84,976,011</u>
<b>Deductions:</b>			
Retiree benefits	141,424,206	134,135,553	124,061,630
Refunds of contributions	15,278,136	14,913,574	16,677,021
Administrative expenses	<u>5,058,356</u>	<u>3,343,924</u>	<u>3,467,634</u>
<b>Total deductions</b>	<u>161,760,698</u>	<u>152,393,051</u>	<u>144,206,285</u>
<b>Net increase (decrease)</b>	<u>\$ 265,473,211</u>	<u>\$ 197,911,060</u>	<u>\$ (59,230,274)</u>

**Revenues - Additions to Net Plan Assets**

- In 2013, employer contributions increased by \$14.6 million (23.3%) compared to 2012. In 2012, employer contributions increased by \$12.2 million (24.3%) compared to 2011.
- Member contributions increased by \$3.3 million (5.7%) compared to 2012. In 2012, member contributions increased by \$6.7 million (13.2%) compared to 2011.
- Net investment income was \$289.8 million in 2013 compared to \$230.7 million in 2012 and a loss of \$15.7 million in 2011.



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2013 and 2012**

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**Expenses - Deductions from Net Plan Assets**

- Retiree benefits increased in 2013 by \$7.3 million (5.4%) compared to 2012, primarily due to the increased number of members making application for retirement and a mandatory 1.5% COLA (Cost of Living Adjustment). As a comparison, retiree benefits increased \$10.1 million (8.1%) in 2012.
- Refunds of contributions increased in 2013 by \$0.4 million (2.4%) compared to amounts paid in 2012. In 2012, refunds decreased \$1.8 million (10.6%) compared to amounts paid in 2011.

**Changes in Plan Membership**

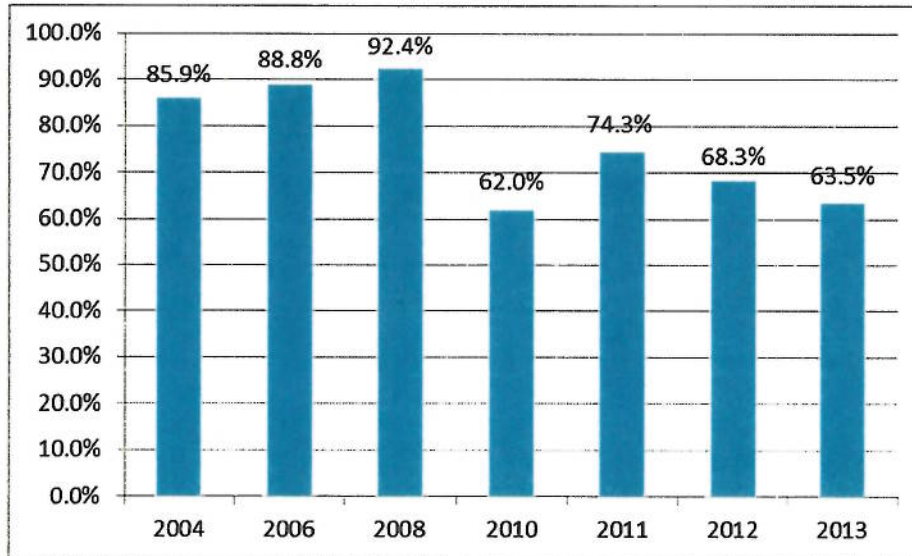
The table below reflects the active membership and retiree changes for the years ended December 31:

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Retirees and beneficiaries receiving benefits	<u>5,880</u>	<u>5,714</u>	2.9%
Current and terminated employees:			
Current employee members	8,604	8,465	1.6%
Terminated members entitled to, but not yet receiving benefits, Vested	1,170	1,121	4.4%
Terminated members not entitled to benefits beyond contributions and accumulated interest, Non-Vested	<u>866</u>	<u>842</u>	2.9%
<b>Total</b>	<u>10,640</u>	<u>10,428</u>	2.0%

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2013 and 2012

Funding Status

Schedule of Funding Progress  
Funding Ratio  
As of January 1<sup>st</sup> Valuation Date



With the January 1, 2011 Valuation and the 2007-2010 Experience Study, the Board of Administration adopted a policy of asset smoothing over a 5-year period. The reported funding ratio as of January 1, 2012 reflects that change. Prior to January 1, 2011, all funding ratios were reported on a marked-to-market basis.

Funds are accumulated from employer and employee contributions and investment earnings, and are used to pay present and future benefit obligations and administrative expenses. We continue to make a constant effort to achieve a fully funded status, thereby assuring the participants of a financially sound retirement system. In 2013, most active members contributed 10.03% of their salaries to the retirement fund and the City contributed 12.89%.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2013 and 2012**

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**Investment Activities**

One-year returns on asset classes and comparative benchmarks are presented in the table below for the years ended December 31:

**2013 Investment Performance**

Total Portfolio	15.5%
Domestic Equities	32.7%
Benchmark: U.S. Equities Custom Index	29.5%
International Equities	17.3%
Benchmark: MSCI ACWI ex US IM/ND	15.8%
Fixed Income	(1.0%)
Benchmark: Barclays U.S. Universal Index	(1.4%)
Real Return	1.9%
Benchmark: CPI + 3%	4.6%
Private Equity	5.6%
Benchmark: Russell 3000 + 3%	25.2%
Real Estate	11.8%
Benchmark: Russell NCREIF Property Index	13.0%
Cash	(0.7%)
Benchmark: Citigroup 3-Month T-Bills	0.1%

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2013 and 2012**

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**2012 Investment Performance**

Total Portfolio	14.0%
Domestic Equities	15.9%
Benchmark: U.S. Equities Custom Index	15.6%
International Equities	18.5%
Benchmark: MSCI ACWI ex US IM/ND	17.7%
Fixed Income	8.9%
Benchmark: Barclays U.S. Universal Index	5.5%
Real Return	7.5%
Benchmark: CPI + 3%	4.8%
Private Equity	19.4%
Benchmark: Russell 3000 + 3%	34.0%
Real Estate	13.3%
Benchmark: Russell NCREIF Property Index	11.6%
Cash	1.1%
Benchmark: Citigroup 3-Month T-Bills	0.1%

The investments of the System are governed primarily by the prudent investor rule. The prudent investor rule, as set forth by the Revised Code of Washington, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the fund. The System invests retirement funds for the long-term, anticipating both good and poor performing financial markets. The overall investment portfolio is positioned in a diversified manner to maximize return given the System's risk tolerance.

**Contacting the Seattle City Employees' Retirement System**

If you have questions about this report or need additional information, please contact us by telephone at: 206.386.1293 or by e-mail at: [city.retirement@seattle.gov](mailto:city.retirement@seattle.gov) or you may mail your questions to:

Seattle City Employees' Retirement System  
720 Third Avenue, Suite 900  
Seattle, WA 98104



**FINANCIAL STATEMENTS**

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**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**STATEMENTS OF PLAN NET POSITION**  
**December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Assets:</b>		
Cash	\$ 41,672	\$ 3,443,999
Short-term investments	<u>42,433,040</u>	<u>47,638,868</u>
Total cash and short-term investments	<u>42,474,712</u>	<u>51,082,867</u>
<b>Receivables:</b>		
Members	2,737,213	2,452,509
Employer	2,991,610	2,230,401
Interest and dividends	4,171,873	2,324,732
Sales proceeds receivable	<u>5,726,852</u>	<u>3,086,954</u>
Total receivables	<u>15,627,548</u>	<u>10,094,596</u>
<b>Investments, at fair value:</b>		
<b>Fixed income:</b>		
U.S. government obligations	170,500,534	123,684,185
Domestic Corporate bonds	168,108,438	150,579,401
Mortgage-backed	115,343,657	113,394,160
Foreign sovereign	63,253,024	54,363,415
Domestic stocks	700,186,774	581,330,209
International stocks	624,912,362	554,959,429
Real estate	231,616,985	216,761,221
Alternative	<u>106,262,940</u>	<u>119,253,354</u>
Total investments, at fair value	<u>2,180,184,714</u>	<u>1,914,325,374</u>
Securities lending collateral	<u>13,595,048</u>	<u>10,154,781</u>
Total assets	<u>2,251,882,022</u>	<u>1,985,657,618</u>
<b>Liabilities:</b>		
Pensions payable and other	1,876,818	1,667,979
Obligations under securities lending	16,750,032	13,404,350
Investment commitments payable	<u>16,346,687</u>	<u>19,150,015</u>
Total liabilities	<u>34,973,537</u>	<u>34,222,344</u>
<b>Net position held in trust for pension benefits</b>	<u>\$ 2,216,908,485</u>	<u>\$ 1,951,435,274</u>

The accompanying notes are an integral part of these financial statements.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**STATEMENTS OF CHANGES IN PLAN NET POSITION**  
**Years Ended December 31, 2013 and 2012**

	2013	2012
<b>Additions:</b>		
<b>Contributions:</b>		
Employer	\$ 77,073,667	\$ 62,515,432
Member	60,342,581	57,086,346
Total contributions	137,416,248	119,601,778
<b>Investment activities:</b>		
<b>Investment income:</b>		
Net change in fair value of investments	267,444,451	204,254,962
Interest	8,377,595	9,781,842
Dividends	22,327,842	23,654,327
Net investment income	298,149,888	237,691,131
<b>Securities lending activities:</b>		
Securities lending income	11,511	16,045
Borrowing rebates	64,217	82,493
Total securities lending income	75,728	98,538
Securities lending management fees	(18,925)	(24,467)
Net income from securities lending	56,803	74,071
<b>Investment activity expenses:</b>		
Investment management fees	(7,606,049)	(6,313,848)
Investment consultant fees	(499,140)	(499,140)
Investment custodial fees	(283,841)	(249,881)
Total investment activity expenses	(8,389,030)	(7,062,869)
Net income from investment activities	289,817,661	230,702,333
Total additions	427,233,909	350,304,111
<b>Deductions:</b>		
Benefits	141,424,206	134,135,553
Refunds of contributions	15,278,136	14,913,574
Administrative expenses	5,058,356	3,343,924
Total deductions	161,760,698	152,393,051
Net change	265,473,211	197,911,060
<b>Net position held in trust for pension benefits</b>		
Beginning of year	1,951,435,274	1,753,524,214
<b>End of year</b>	\$ 2,216,908,485	\$ 1,951,435,274

The accompanying notes are an integral part of these financial statements.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

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**Note 1 - Plan Description**

The Seattle City Employees' Retirement System (the System) is a single-employer defined benefit public employee retirement plan, covering employees of the City of Seattle and administered in accordance with Chapter 4.36 of the Seattle Municipal Code. The System is a pension trust fund of the City of Seattle.

The System is administered by the Retirement System Board of Administration (the Board). The Board consists of seven members including the Chair of the Finance Committee of the Seattle City Council, the City of Seattle Finance Director, the City of Seattle Personnel Director, two active members and one retired member of the System who are elected by other system members, and one outside board member who is appointed by the other six board members. Elected and appointed board members serve for three-year terms.

All employees of the City of Seattle are eligible for membership in the System with the exception of uniformed police and fire personnel who are covered under a retirement system administered by the State of Washington. Employees of METRO and the King County Health Department who established membership in the System when these organizations were City of Seattle departments were allowed to continue their System membership (there are currently fewer than 60 members in this category). There are currently 5,880 retirees and beneficiaries receiving benefits, and 8,604 active members of the System. There are 1,170 terminated, vested employees entitled to future benefits.

The System provides retirement, death, and disability benefits. Retirement benefits vest after five years of credited service, while death and disability benefits vest after ten years of service. Retirement benefits are calculated as 2% multiplied by years of creditable service, multiplied by average salary, based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement.

**Note 2 - Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting** - These financial statements have been prepared with an "economic resources" measurement focus on the accrual basis of accounting in accordance with generally accepted accounting principles, as prescribed by the Government Accounting Standards Board.

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, introduces and defines these elements as a consumption or acquisition of net assets that is applicable to a future reporting period. These transactions are distinct from assets and liabilities, and result in the redefinition of Net Assets to the concept of Net Position. GASB 63 was implemented for the year ended December 31, 2012.



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

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**Note 2 - Summary of Significant Accounting Policies and Plan Asset Matters (Continued)**

**Use of Estimates in Preparing Financial Statements** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Board to make estimates and assumptions that affect the reported amounts of assets, liabilities, additions and deductions to net position held in trust for pension benefits and disclosure of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

**Cash and Short Term Investments** - The System classifies cash on deposit in financial institutions and cash on deposit in the City of Seattle's internal cash management pool as cash. The System also recognizes certain short-term highly liquid securities with an original maturity of three months or less as short-term investments.

**Method Used to Value Investments** - Plan investments are reported at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. All investments, with the exception of real estate and private equity, are valued based on closing market prices or broker quotes. Securities not having a quoted market price have been valued based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of real estate investments is based on estimated current values and independent appraisals. The fair value of private equity is based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners, in the absence of readily ascertainable market values.

Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest and dividend income earned, less investment expense, plus income from securities lending activities, less deduction for security lending expenses. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Securities and securities transactions are reflected in the financial statements on a trade-date basis. Investments are made in accordance with the Prudent Person Rule as defined by the State of Washington RCW 35.39.060.

**Federal Income Tax Status** - The System is a qualified plan under section 401(a) of the Internal Revenue Code and is exempt from federal income taxes under section 501(a).

**Contributions** - Employee and employer contributions are reported in the period and for the calendar year in which the contributions are due.

**Benefits and Refunds of Contributions** - Benefits and refunds of contributions are recognized when due and payable in accordance with the System's policy.

**Reclassifications** - Certain 2012 amounts have been reclassified in conformity with the 2013 presentation. These reclassifications had no effect on net position or changes therein.

**Note 3 - Contributions**

Member and employer contributions rates are established by the Seattle Municipal Code Chapter 4.36.

The employer contribution rate is determined by the actuarial formula identified as the Entry Age Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total required contributions, including amounts necessary to pay administrative costs, are determined through annual actuarial valuations.

Actuarially determined contribution rates were 10.03% for most members and 12.89% for the employer. There are no long-term contracts for contributions outstanding and currently no legally required reserves. See Note 8 for additional information on assumptions used in calculating the actuarially determined contribution rates.

**Note 4 - Cash**

SCRS' policy for custodial credit risk of deposits is to rely on Federal Deposit Insurance Corporation (FDIC) and Washington Public Deposit Protection Commission (PDPC) insurance. FDIC insures the cash deposits up to \$250,000. As provided by the State of Washington RCW 43.84, the PDPC collateralizes deposits in excess of \$100,000. The bank balances of deposits of a FDIC institution as of the balance sheet date are insured.

**Note 5 - Investments**

Short term investments include a Short-term Investment Fund (STIF), which is a collective trust that may include certificates of deposit, treasury bills, and mutual funds. The Alternative Investments category currently includes private equity, hedge funds and real estate funds.

**Custodial Credit Risk** – For investments, custodial credit risk is the risk that in the event of the failure of a financial institution or a bank, the System will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The System mitigates custodial credit risk by having its investment securities held by the System's custodian (BNY Mellon) and the investments are registered in the System's name. The System's short-term investments are created through daily sweeps of excess cash by the System's custodian, and invested in a vehicle managed by the custodian. Additionally, the System keeps on hand with the City of Seattle such cash dollar amounts to support at least one month equivalent of pension payments and other administrative expenses.

**Note 5 – Investments (Continued)**

**Credit Risk** - Credit risk is the risk that an issuer, or other counterparty, to an investment will not fulfill its obligations. In accordance with the System's Investment Policy, the Retirement Board provides each of the System's investment managers with a set of investment guidelines. These guidelines specify eligible investments, minimum diversification standards, and applicable investment restrictions necessary for diversification and risk control. In general, these guidelines require that at least 70 percent of the net asset value of a manager's portfolio be invested in investment-grade securities. Managers do not have authority to depart from their guidelines. A summary of the credit ratings of the System's fixed income investments is provided on pages 20 and 21.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with the System's Investment Policy, the Retirement Board provides each of the System's investment managers with a set of investment guidelines. These guidelines specify eligible investments, minimum diversification standards, and applicable investment restrictions necessary for diversification and risk control. In general, these guidelines require that investments in any one issuer may not exceed 5 percent of the net asset value of a manager's portfolio. Managers do not have authority to depart from their guidelines.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. In accordance with the System's Investment Policy, the Retirement Board provides each of the System's investment managers with a set of investment guidelines. These guidelines specify eligible investments, minimum diversification standards, and applicable investment restrictions necessary for diversification and risk control. In general, these guidelines require that the weighted average duration of the security holdings of a manager's portfolio not vary from that of the applicable benchmark by more than 20 percent. Managers do not have authority to depart from their guidelines. A summary of the maturities of the System's fixed income investments is provided on pages 18 and 19.

The fixed income portfolio is primarily managed by four external money management firms, hired through a competitive bid process, to manage a diversified portfolio of fixed income securities. Managers have agreed to a set of guidelines that provide ranges and limits for varying types of securities that may be held within the portfolio. A consultant is hired to measure performance and monitor the investment style. The Investment Committee reviews the consultant's results quarterly.

**Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risk, primarily reside within the non-U.S. equity and fixed income investment holdings. The System expects these managers to maintain adequately diversified portfolios to limit foreign currency and security risk.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**Note 5 – Investments (Continued)**

The System's exposure to foreign currency risk in U.S. dollars as of December 31, 2013, is summarized in the following table.

<u>Currency Type</u>	<u>Equity</u>	<u>Fixed Income</u>	<u>Derivatives</u>	<u>Cash</u>	<u>Total</u>
Australian Dollar	\$ -	\$ 1,087,191	\$ 5,882,599	\$ (4)	\$ 6,969,786
Brazil Real	-	-	5,433	-	5,433
Canadian Dollar	-	2,719,197	6,516,322	43,669	9,279,188
Swiss Franc	10,138,640	-	(863,285)	332	9,275,687
Danish Krone	3,467,391	1,511,621	(3,944,188)	465	1,035,289
Euro Currency Unit	29,419,691	9,085,820	(8,351,423)	161,609	30,315,697
Mexican New Peso	-	-	-	-	-
New Zealand Dollar	-	-	-	-	-
Pound Sterling	26,906,355	21,503,088	(27,240,340)	31,695	21,200,798
Hong Kong Dollar	6,231,414	-	(3,380,084)	24	2,851,354
Israeli Shekel	-	-	453,355	-	453,355
Japanese Yen	7,432,956	6,792	-	40,151	7,479,899
Swedish Krona	-	-	-	-	-
<b>Total</b>	<u>\$ 83,596,447</u>	<u>\$ 35,913,709</u>	<u>\$ (30,921,611)</u>	<u>\$ 277,941</u>	<u>\$ 88,866,486</u>

The System's exposure to foreign currency risk in U.S. dollars as of December 31, 2012, is summarized in the following table.

<u>Currency Type</u>	<u>Equity</u>	<u>Fixed Income</u>	<u>Derivatives</u>	<u>Cash</u>	<u>Total</u>
Australian Dollar	\$ -	\$ 1,824,997	\$ (1,822,131)	\$ 7,769	\$ 10,635
Brazil Real	-	-	286,869	-	286,869
Canadian Dollar	-	3,973,380	(3,896,383)	937	77,934
Danish Krone	-	1,566,702	(1,561,024)	-	5,678
Euro Currency Unit	-	7,787,261	(7,542,026)	39,631	284,866
Mexican New Peso	-	1,953,642	-	48,346	2,001,988
New Zealand Dollar	-	443,626	(431,271)	2,388	14,743
Pound Sterling	-	15,840,517	(15,440,639)	913	400,791
Swedish Krona	-	1,522,771	(1,531,829)	16,909	7,851
<b>Total</b>	<u>\$ -</u>	<u>\$ 34,912,896</u>	<u>\$ (31,938,434)</u>	<u>\$ 116,893</u>	<u>\$ 3,091,355</u>



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**Note 5 – Investments (Continued)**

**Derivatives** - Foreign exchange forward contracts are periodically employed by the System to hedge currency risk of investments in foreign currencies. Generally, derivatives are subject both to market and to counterparty risk. The derivatives used by the System typically have no greater risk than their physical counterparts and, in many cases, are offset by exposures elsewhere in the portfolio. Counterparty risk, the risk that the “other party” to a contract will default, is managed by careful screening of counterparties. Derivative securities are priced and accounted for at fair value. Foreign exchange forward contracts are valued at the price at which the transaction could be settled by offsets in the forward markets.

The System’s pending derivative transactions as of December 31, 2013 are summarized in the following table.

<u>Currency Type</u>	<u>Purchases</u>	<u>Unrealized Gain/Loss</u>	<u>Sells</u>	<u>Unrealized Gain/Loss</u>	<u>Total Unrealized Gain/Loss</u>
Australian Dollar	\$ 9,686,759	\$ (38,879)	\$ 15,681,130	\$ (72,893)	\$ (111,772)
Brazil Real	281,246	6,968	281,246	(1,535)	5,433
Canadian Dollar	3,592,050	9,004	10,128,543	(29,175)	(20,171)
Swiss Franc	916,574	(18,853)	68,843	3,299	(15,554)
Danish Krone	5,949,187	(141,444)	2,131,998	14,445	(126,999)
Euro Currency Unit	18,421,729	(224,559)	10,279,455	15,410	(209,149)
Mexican New Peso	-	-	-	-	-
New Zealand Dollar	-	-	-	-	-
Pound Sterling	49,859,003	(922,795)	23,174,228	367,230	(555,565)
Hong Kong Dollar	6,760,529	587	3,380,095	(237)	350
Israeli Shekel	-	-	448,679	4,676	4,676
Japanese Yen	-	-	-	-	-
Swedish Krona	-	-	-	-	-
<b>Total</b>	<b>\$ 95,467,077</b>	<b>\$ (1,329,971)</b>	<b>\$ 65,574,217</b>	<b>\$ 301,220</b>	<b>\$ (1,028,751)</b>

The System’s pending derivative transactions as of December 31, 2012 are summarized in the following table.

<u>Currency Type</u>	<u>Purchases</u>	<u>Unrealized Gain/Loss</u>	<u>Sells</u>	<u>Unrealized Gain/Loss</u>	<u>Total Unrealized Gain/Loss</u>
Australian Dollar	\$ 1,815,177	\$ (6,954)	\$ -	\$ -	\$ (6,954)
Brazil Real	-	-	285,758	1,112	1,112
Canadian Dollar	3,933,059	36,676	-	-	36,676
Danish Krone	1,562,110	1,085	-	-	1,085
Euro Currency Unit	8,887,143	(70,991)	1,422,749	(6,642)	(77,633)
New Zealand Dollar	426,551	(4,720)	-	-	(4,720)
Pound Sterling	15,216,298	(224,341)	-	-	(224,341)
Swedish Krona	1,474,173	(57,655)	-	-	(57,655)
<b>Total</b>	<b>\$ 33,314,511</b>	<b>\$ (326,900)</b>	<b>\$ 1,708,507</b>	<b>\$ (5,530)</b>	<b>\$ (332,430)</b>

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

**Note 5 - Investments (Continued)**

As of December 31, 2013, the fixed income portfolio of the System had the following investment maturities:

Investment	Fair Value	Investment Maturities (in years)			
		<1	1 - 5	6 - 10	>10
Fixed income					
U.S. Government:					
Treasury Notes and Bonds	\$ 122,316,986	\$ 610,638	\$ 36,785,971	\$ 49,300,987	\$ 35,619,390
Treasury Inflation-Protected Securities	37,842,158	-	-	30,323,082	7,519,076
Agencies	4,678,602	-	1,803,905	844,951	2,029,746
Municipal	4,454,752	-	390,736	1,640,468	2,423,548
Mortgage-Backed:					
Government Pass Through	76,560,976	-	29,645,181	3,608,396	43,307,399
Corporate Pass Through	12,794,720	-	-	-	12,794,720
Government CMO's	17,223,784	-	3,269,207	637,059	13,317,518
Corporate:					
Bonds	129,670,754	13,436,569	55,415,593	43,032,277	17,786,315
Asset-Backed	16,419,562	-	6,841,407	3,306,782	6,271,373
Private Placement	23,547,117	1,719,885	13,829,186	1,090,964	6,907,082
Foreign Sovereign:					
Bonds	63,364,293	1,262,527	23,326,020	27,091,473	11,684,273
<b>Total Fixed Income</b>	<b>\$ 508,873,704</b>	<b>\$ 17,029,619</b>	<b>\$ 171,307,206</b>	<b>\$ 160,876,439</b>	<b>\$ 159,660,440</b>

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**Note 5 - Investments (Continued)**

As of December 31, 2012, the fixed income portfolio of the System had the following investment maturities:

Investment	Fair Value	Investment Maturities (in years)			
		<1	1 - 5	6 - 10	>10
Fixed income					
U.S. Government:					
Treasury Notes and Bonds	\$ 68,868,656	\$ 7,234	\$ 29,206,153	\$ 17,094,617	\$ 22,560,652
Treasury Inflation-Protected Securities	45,620,223	-	2,885,560	32,440,684	10,293,979
Agencies	5,071,948	99,750	592,196	2,554,747	1,825,255
Municipal	4,123,359	428,515	976,482	1,337,179	1,381,183
Mortgage-Backed:					
Government Pass Through	87,333,467	6,224,144	33,482,512	2,201,433	45,425,378
Corporate Pass Through	11,384,925	-	390,562	-	10,994,363
Government CMO's	14,675,768	5,667,861	218,226	350,899	8,438,782
Corporate:					
Bonds	103,950,229	10,117,851	39,947,697	41,374,189	12,510,492
Asset-Backed	19,926,911	6,173,324	10,164,801	1,943,035	1,645,751
Private Placement	21,154,256	1,913,313	10,419,493	4,664,611	4,156,839
Other	5,548,005	450,229	3,964,948	62,589	1,070,239
Foreign Sovereign:					
Bonds	54,363,415	-	11,257,499	21,181,999	21,923,917
<b>Total Fixed Income</b>	<b>\$ 442,021,162</b>	<b>\$ 31,082,221</b>	<b>\$ 143,506,129</b>	<b>\$ 125,205,982</b>	<b>\$ 142,226,830</b>

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**Note 5 - Investments (Continued)**

As of December 31, 2013, the fixed income portfolio of the System had the following investment ratings:

Investment	Fair Value	Ratings							Not Rated
		AAA	AA	A	BBB	BB	B	CCC& Below	
<b>Fixed income</b>									
U.S. Government:									
Treasury Notes and Bonds	\$ 122,316,986	\$ -	\$ 104,679,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,637,246
Treasury Inflation-Protected Securities	37,842,158	-	21,566,245	-	-	-	-	-	16,275,913
Agencies	4,678,602	-	4,663,347	-	-	-	-	-	15,255
Municipal	4,454,752	793,166	667,915	1,711,606	-	-	-	-	1,282,065
<b>Mortgage-Backed:</b>									
Government Pass Through	76,560,976	-	38,158,570	-	-	-	-	-	38,402,406
Corporate Pass Through	12,794,720	1,849,834	570,061	1,280,598	1,975,063	165,427	-	-	6,953,737
Government CMO's	17,223,784	218,278	12,076,920	872,270	680,557	1,652,353	243,944	970,027	509,435
<b>Corporate:</b>									
Bonds	129,670,754	665,800	9,459,943	42,601,229	36,483,968	2,778,653	-	-	37,681,161
Asset-Backed	16,419,562	6,524,717	2,966,689	265,540	161,712	431,980	1,049,170	904,321	4,115,433
Private Placement	23,547,117	2,578,620	3,819,344	5,365,272	5,591,885	67,950	-	394,075	5,729,971
<b>Foreign Sovereign:</b>									
Bonds	63,364,293	5,922,992	3,144,595	3,023,151	1,957,227	599,910	-	-	48,716,418
<b>Total Fixed Income</b>	<b>\$ 508,873,704</b>	<b>\$ 18,553,407</b>	<b>\$ 201,773,369</b>	<b>\$ 55,119,666</b>	<b>\$ 46,850,412</b>	<b>\$ 5,696,273</b>	<b>\$ 1,293,114</b>	<b>\$ 2,268,423</b>	<b>\$ 177,319,040</b>



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**Note 5 - Investments (Continued)**

As of December 31, 2012, the fixed income portfolio of the System had the following investment ratings:

Investment	Fair Value	Ratings											
		AAA	AA	A	BBB	BB	B	CCC& Below	Not Rated				
<b>Fixed Income</b>													
<b>U.S. Government:</b>													
Treasury Notes and Bonds	\$ 68,868,656	\$ -	\$ 68,862,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Treasury Inflation-Protected Securities	45,620,223	17,799,234	27,820,989	-	-	-	-	-	-	-	-	-	-
Agencies	5,071,948	-	3,565,125	1,506,823	-	-	-	-	-	-	-	-	-
Municipal	4,123,359	-	238,333	3,289,916	-	-	-	-	-	-	-	-	595,110
<b>Mortgage-Backed:</b>													
Government Pass Through	87,333,467	-	87,333,467	-	-	-	-	-	-	-	-	-	-
Corporate Pass Through	11,384,925	3,380,517	644,955	1,244,480	2,352,685	84,924	-	-	-	-	-	-	3,677,364
Government CMO's	14,675,768	624,825	11,364,286	397,843	761,178	-	179,186	930,164	-	-	-	-	418,286
<b>Corporate:</b>													
Bonds	103,950,229	-	6,912,314	34,169,261	45,205,773	5,297,360	12,338,108	-	-	-	-	-	27,413
Asset-Backed	19,926,911	12,155,739	2,311,508	156,174	3,144,104	244,958	377,253	754,628	-	-	-	-	782,547
Private Placement	21,154,256	3,061,581	2,870,973	3,896,186	6,892,169	42,837	21,231	424,374	-	-	-	-	3,944,905
Other	5,548,005	-	1,621,105	3,803,693	-	123,207	-	-	-	-	-	-	-
<b>Foreign Sovereign:</b>													
Bonds	54,363,415	296,763	28,681,792	13,188,948	9,116,357	-	-	-	-	-	-	-	3,079,555
<b>Total Fixed Income</b>	<u>\$ 442,021,162</u>	<u>\$ 37,318,659</u>	<u>\$ 242,227,503</u>	<u>\$ 61,653,324</u>	<u>\$ 67,472,266</u>	<u>\$ 5,793,286</u>	<u>\$ 12,915,778</u>	<u>\$ 2,109,166</u>	<u>\$ 12,531,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Fixed income portfolio investments are included in U.S. Government obligations and corporate bonds on the Statements of Plan Net Position as of December 31, 2013 and 2012 along with related investments held in other federal and corporate securities, mutual funds and short-term investments.

**Note 6 – Securities Lending Transactions**

Under the authority of State of Washington RCW 41.28.005 and the Seattle Municipal Code 4.36.130, the System's Board of Administration adopted investment policies that define eligible investments, which include securities lending transactions. Through a custodial agent, the System participates in a securities lending program whereby securities are lent for the purpose of generating additional income to the System. The System lends securities from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities lent, providing a margin against a decline in the market value of the collateral, and is limited to a volume of less than \$75 million. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income it is due on the securities lent. Cash and U.S. government securities were received as collateral for these loans. The System invests cash collateral received; accordingly, investments made with cash collateral appear as an asset. A corresponding liability is recorded as the System must return the cash collateral to the borrower upon the expiration of the loan. Gross income from securities lending transactions are recorded in the operating statements as well as the various fees paid to the institution that oversees the lending activity.

As of December 31, 2013, the fair value of securities on loan was \$16,366,597. Associated cash collateral totaling \$16,750,032 was received. The fair market value of the reinvested collateral was \$13,595,048 at December 31, 2012, which includes an unrealized loss totaling \$3,154,984.

As of December 31, 2012, the fair value of securities on loan was \$13,083,695. Associated cash collateral totaling \$13,404,350 was received. The fair market value of the reinvested collateral was \$10,154,781 at December 31, 2011, which includes an unrealized loss totaling \$3,249,569.

**Note 7 – Commitments**

The System has entered into capital commitments to fund partnership interests in certain alternative investments. At December 31, 2013, the System has unfunded commitments of \$22,858,896 to these partnerships.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

**Note 8 - Actuarial Information**

The funded status of the System as of January 1, 2013, the most recent valuation date, is as follows (dollars in millions):

Actuarial Valuation Date January 1	Actuarial Value of Assets (a)	Actuarial Liabilities [AAL] - Entry Age (b)	Unfunded AAL [UAAL] (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2013	\$ 1,920.1	\$ 3,025.3	\$ 1,105.2	63.5%	\$ 567.8	194.6%

Fiscal year employer contributions required and contributions made are as follows (dollars in millions):

Year Ended December 31	Annual Required Contribution	Percent Contributed
2013	\$ 83.8	92%

The calculation of the actuarial value of assets includes a smoothing of investment gains and losses over a five-year period. For the year ended December 31, 2013, the System experienced an investment gain of 15.5%. The difference between these investment gains and the assumed rate of 7.75% will be recognized over the next five years and will have an impact on the funding ratio in the future.

See Required Supplementary Information (RSI) on page 24 for a six-year schedule of employer contributions.

The funding progress and employer contribution information presented above and the employer contribution information in the RSI schedule were determined as part of the actuarial valuations at the date indicated. The following is additional information for the System as of the valuation date:

Valuation date	January 1, 2013
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	Does not amortize at current rate
Asset valuation method	Five-year asset smoothing applied retroactively, effective January 1, 2011
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases*	4.00%
Post-retirement benefit increases	1.50% annual COLA and 65% Restoration of Purchasing Power

\* Includes inflation as a cost-of-living adjustment at 3.5%.

This information is an integral part of the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**SCHEDULE OF FUNDING PROGRESS**  
(Dollar Amounts in Millions)

Actuarial Valuation Date January 1	Actuarial Value of Assets <sup>4</sup> (a)	Actuarial Accrued Liabilities [AAL] – Entry Age <sup>1</sup> (b)	Unfunded AAL [UAAL] <sup>2</sup> (b-a)	Funded Ratio (a/b)	Covered Payroll <sup>3</sup> (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2006	\$ 1,791.8	\$ 2,017.5	\$ 225.7	88.8%	\$ 447.0	50.5%
2008	\$ 2,119.4	\$ 2,294.6	\$ 175.2	92.4%	\$ 501.9	34.9%
2010	\$ 1,645.3	\$ 2,653.8	\$ 1,008.5	62.0%	\$ 580.9	173.6%
2011	\$ 2,013.7	\$ 2,709.0	\$ 695.4	74.3%	\$ 563.2	123.5%
2012	\$ 1,954.3	\$ 2,859.3	\$ 905.0	68.3%	\$ 557.0	162.5%
2013	\$ 1,920.1	\$ 3,025.3	\$ 1,105.2	63.5%	\$ 567.8	194.6%

Note that valuations are performed annually as of 2010.

- <sup>1</sup> Actuarial present value of benefits less actuarial present value of future normal cost based on Entry Age Actuarial Cost Method.
- <sup>2</sup> Actuarial accrued liabilities less actuarial value of assets.
- <sup>3</sup> Covered Payroll includes compensation paid to all active employees on which contributions are calculated.
- <sup>4</sup> Beginning with the January 1, 2011 Actuarial Valuation and 2007 – 2010 Experience Study, SCERS has adopted five-year asset smoothing.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**(Dollar Amounts in Millions)**

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<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
2008	\$ 46.0	100%
2009	\$ 46.6	100%
2010	\$ 95.7	47%
2011	\$ 73.0	69%
2012	\$ 67.2	93%
2013	\$ 83.8	92%

For additional information regarding employer contributions, see the notes to the financial statements.

**ADDITIONAL INFORMATION**

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**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**SCHEDULE OF ADMINISTRATIVE EXPENSES**  
**Years Ended December 31, 2013 and 2012**

	Budget	Actual Expense	
	2013	2013	2012
<b>Personnel Services</b>			
Salaries	\$ 1,543,954	\$ 1,503,736	\$ 1,181,010
Benefits	514,487	824,854	418,027
<b>Total Personnel Services</b>	<u>2,058,441</u>	<u>2,328,590</u>	<u>1,599,037</u>
<b>Maintenance and Operations</b>			
Professional Services	667,000	1,022,691	580,853
Office rent	211,000	229,996	115,926
Data processing and central costs	1,787,771	1,197,169	751,549
Office supplies and other expenses	266,067	188,758	171,810
Postage and telephone	55,262	46,096	71,461
Travel	63,916	31,360	39,660
Training	18,360	13,696	13,628
<b>Total Maintenance and Operations</b>	<u>3,069,376</u>	<u>2,729,766</u>	<u>1,744,887</u>
<b>Total Administrative Expenses</b>	<u>\$ 5,127,817</u>	<u>\$ 5,058,356</u>	<u>\$ 3,343,924</u>



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**SCHEDULE OF INVESTMENT EXPENSES**  
**Year Ended December 31, 2013**

<b>Investment Management Fees:</b>	
American Core Realty Fund	\$ 90,254
Attucks Cap	561,110
Babson Tower Square Partners II	41,226
BlackRock	309,279
Bison Capital Equity Partners II	29,869
Capri	9,762
Capital Point Partners	50,217
Carlyle Mezzanine Partners	214,758
Coast Diversified Fund	5,319
Dimensional	338,106
Enhanced RAFI International	289,405
Fisher Investments	739,362
Jp Morgan	1,812,746
Nogales Investors Fund II	45,940
Oaktree Capital Mezzanine Fund II	75,214
Parametic	411,928
PCCP	61,342
PIMCO	1,156,541
Pugh Capital	171,893
Reams Asset Management	179,475
Rhumbine	95,698
Russell	16,823
Smith Whiley Pelham Fund III	100,077
TA Associates	270,912
TCW Crescent Mazzanine Partners IV	58,965
Washington Capital Management	62,800
Western Asset Management	407,028
<b>Total Investment Management Fees</b>	<u><u>7,606,049</u></u>
 <b>Performance Measurement:</b>	
Pension Consulting Alliance	499,140
 <b>Custodial Services:</b>	
Bank of New York Mellon	<u>283,841</u>
 <b>Total Investment Expenses</b>	 <u><u>\$ 8,389,030</u></u>
 <b>Securities Lending Services:</b>	
Bank of New York Mellon	<u><u>\$ 18,925</u></u>

# ACTUARIAL

## **Actuarial Valuation**

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# Seattle City Employees' Retirement System



## Actuarial Valuation As of January 1, 2013

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By

Nick J. Collier

Associate, Society of Actuaries  
Member, American Academy of Actuaries

And

Jennifer Sorensen Senta

Associate, Society of Actuaries  
Member, American Academy of Actuaries





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June 7, 2013

Retirement Board  
Seattle City Employees' Retirement System  
720 Third Avenue, Suite 1000  
Seattle, WA 98104

Dear Members of the Board:

As requested, we have prepared an actuarial valuation of the Seattle City Employees' Retirement System (SCERS) as of January 1, 2013. This report reflects the benefit provisions and contribution rates in effect as of January 1, 2013.

#### **Actuarial Certification**

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by SCERS staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. It should be noted that the valuation was based on the DRAFT audited financial statements, as the final audited statements were not yet available. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations), and which, in combination, offer a reasonable estimate of anticipated experience affecting the System.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Retirement Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix A.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for SCERS. Actuarial computations under GASB Statement No. 25 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of SCERS'

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funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of SCERS. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

- a) SCERS may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.
- b) SCERS may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report, along with the information contained in the Comprehensive Annual Financial Report, is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We would like to express appreciation to the system staff who gave substantial assistance in supplying the data on which this report is based.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nick Collier".

Nick J. Collier, ASA, EA, MAAA  
Principal and Consulting Actuary

NJC/JS/nlo

A handwritten signature in black ink, appearing to read "Jennifer Sorensen Senta".

Jennifer Sorensen Senta, ASA, MAAA  
Consulting Actuary



# Seattle City Employees' Retirement System Actuarial Valuation

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## Seattle City Employees' Retirement System Actuarial Valuation

### Section 1 Summary of the Findings



#### Actuarial Required Contribution Rate

Based on the actuarial valuation of the benefits in effect under the Seattle City Employees' Retirement System as of January 1, 2013, we recommend the total contribution rate be increased from 22.92% to 24.34%. Based on a fixed member contribution rate of 10.03%, this means the City's contribution rate should be increased from 12.89% to 14.31% effective January 1, 2014. This reflects the City's commitment to fund the actuarial required contribution rate. It should be noted that this rate is not equivalent to the current GASB Annual Required Contribution (ARC) because the actuarial required rate assumes an increase in membership, which is not consistent with current GASB reporting requirements.

The current Retirement Board funding policy states that "...if the Funding Ratio is less than 100% and a UAAL (Unfunded Actuarial Accrued Liability) occurs which cannot be amortized over a period of less than 20 years by the combined total contribution rates, additional employer contributions may be considered." The practical goal of SCERS is to amortize the UAAL over a period of 30 years or less, which the recommended contribution rate meets.

It should be noted that a 30-year amortization period is the longest acceptable period under current GASB standards and is often used by retirement systems as a benchmark for funding. We generally prefer an amortization period shorter than 30 years, as it provides stronger funding. It is our understanding that SCERS will examine the amortization method and funding policy following the January 1, 2013 actuarial valuation.

In the January 1, 2012 valuation report, the actuarial required contribution rate to meet a 30-year amortization was 22.92%. The following chart shows the factors that caused the rate to increase this year.

Sources of Change	Actuarial Req. Rate
<b>January 1, 2012 Actuarial Valuation</b>	<b>22.92 %</b>
Expected Valuation-to-Valuation Change	(0.17)%
Asset (Gain)/Loss on Actuarial Value	1.32 %
Salary/Membership Growth Less Than Expected	0.12 %
Data Revisions	0.15 %
Other	-
<b>Total Change</b>	<b>1.42 %</b>
<b>January 1, 2013 Actuarial Valuation</b>	<b>24.34 %</b>



**Actuarial Required Contribution Rate (continued)**

It should be noted that this 24.34% of pay is calculated based on the Actuarial Value of Assets (AVA); see Section 3 of this report for details. This AVA currently defers a small actuarial asset gain under the asset smoothing method. This means that if no actuarial asset gains or losses occur in the future, the actuarial required contribution rate would decrease slightly as the deferred asset gains are phased into the AVA. This valuation fully recognizes the remainder of the previously deferred asset loss from 2008.

The current contribution rates for the death benefit program are sufficient to finance the \$2,000 death benefit.

**Funding Progress**

On the basis of the January 1, 2012 actuarial valuation, the Funding Ratio was 68.3%. Based on the January 1, 2013 valuation, the Funding Ratio is 63.5%. The decrease in the Funding Ratio is due mainly to recognition of asset losses, both from 2008 and from 2011 (see Section 3 of this report for a full discussion). This was somewhat offset by the recognition of asset gains from 2009, 2010, and 2012. A summary of the historical Funding Ratio and other measurements are shown on Graphs 1 and 2. A summary of the changes in the Funding Ratio is shown below.

Sources of Change	Funding Ratio
<b>January 1, 2012 Actuarial Valuation</b>	<b>68.3 %</b>
Expected Valuation-to-Valuation Change	0.6 %
Asset Gain/(Loss) on Actuarial Value	(5.1)%
Salary Less/(Greater) Than Expected	0.1 %
Data Revisions	(0.3)%
Other	(0.1)%
<b>Total Change</b>	<b>(4.8)%</b>
<b>January 1, 2013 Actuarial Valuation</b>	<b>63.5 %</b>

**Contingent COLA Benefits**

The Seattle Municipal Code allows for an increase in the cost-of-living adjustment (COLA) available to current and future retired members. Currently, the Floor COLA (also referred to as a Restoration of Purchasing Power COLA) is at the 65% level. The enhanced COLA benefit (70% Floor COLA) does not become effective until the System attains at least a 100% funding level.

Since it is unknown when this benefit will become effective, especially given the current funded status of the System, we have not included the valuation of these potential benefit changes in this valuation.

## Summary Exhibit

A summary of the key results of this valuation, along with a comparison to the January 1, 2012 valuation, is shown in Table 1. Note that the valuation measures are based on the Actuarial Value of Assets, which smoothes asset gains and losses over a five-year period; however, we have also shown key measures using the Market Value of Assets (MVA).

## Projected Contribution Rates

As outlined above (and discussed further in Section 3 of this report), the actuarial required contribution calculated in this valuation is based on the Actuarial Value of Assets. This AVA is currently deferring a net asset gain of \$31.3 million.

All other things being equal, if assets earn 7.75% on a market value basis and no other actuarial asset gains or losses occur, the actuarial required contribution rate would be projected to decrease slightly as the deferred asset gains are phased in over the coming years.

We have performed a five-year projection of the contribution rates if 7.75% were returned on the market value of assets in each future year (and assuming that no other actuarial gains or losses occur). Additionally, we have performed a projection of the contribution rates at the 5<sup>th</sup> and 95<sup>th</sup> percentile expected returns (thereby yielding a 90% asset-return-based confidence interval for the specified rates). These projections are shown in the chart below.

The 90% confidence interval results are based on the 5<sup>th</sup> and 95<sup>th</sup> percentile compounded returns for one-, two-, three-, four- and five-year periods. Since actuarial assets are used, deferred gains or losses would continue to decrease or increase the actuarial required contribution rate after these dates.



**Projected  
Contribution Rates  
(continued)**

Please see Section 8 of this report for a detailed discussion of the projected contribution rates, as well as an analysis of phased-in contribution rate increases.

Projected Total Actuarial Required Contribution Rate		
Contribution Year*	Assuming 7.75% Future Returns	90% Confidence Interval
2014	24.34%	24.34% - 24.34%
2015	23.91%	23.18% - 24.56%
2016	23.69%	22.08% - 25.22%
2017	23.60%	20.96% - 26.20%
2018	23.26%	19.50% - 26.90%
2019	23.08%	18.16% - 27.83%

\* Contribution year lags valuation year by one year. For example: Contribution Year 2014 is based on the 2013 valuation results, amortized over 30 years beginning in 2013, if the increase takes place in 2014.

Compounded average return for period		
	Percentile	
	5th	95th
1-Year Period	30.1%	-12.4%
2-Year Period	22.8%	-7.2%
3-Year Period	19.7%	-4.8%
4-Year Period	17.9%	-3.3%
5-Year Period	16.7%	-2.3%

## Seattle City Employees' Retirement System Actuarial Valuation

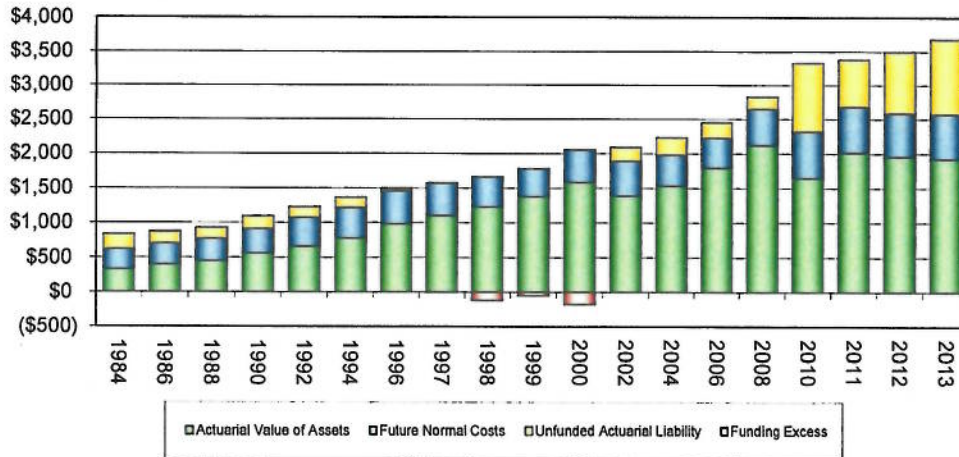
**Table 1 Summary of Results**

	Valuation January 1, 2013	Valuation January 1, 2012	Percentage Change
<b>I. Total Membership</b>			
A. Active Members	8,465	8,430	0.4%
B. Retired Members & Beneficiaries	5,742	5,580	2.9%
C. Vested Terminated Members*	1,973	2,049	(3.7)%
D. Total	16,180	16,059	0.8%
<b>II. Pay as of Valuation Date</b>			
A. Annual Total (\$millions)	\$ 579.4	\$ 560.4	3.4%
B. Annual Average	\$ 68,449	\$ 66,476	3.0%
<b>III. Average Monthly Benefit Paid to Current Retirees and Beneficiaries</b>			
A. Service Retirement	\$ 2,143	\$ 2,066	3.7%
B. Disability Retirement	1,156	1,155	0.0%
C. Surviving Spouse and Dependents	1,240	1,182	4.9%
D. Total	\$ 2,002	\$ 1,922	4.2%
<b>IV. Actuarial Accrued Liability (\$millions)</b>			
A. Active Members	\$ 1,511.9	\$ 1,465.6	3.2%
B. Retired Members	1,364.5	1,264.7	7.9%
C. Vested Terminated Members	148.9	129.0	15.4%
D. Total	\$ 3,025.3	\$ 2,859.3	5.8%
<b>V. Assets</b>			
A. Actuarial Value of Assets (\$millions)	\$ 1,920.1	\$ 1,954.3	(1.8)%
<b>VI. Unfunded Actuarial Accrued Liability or Surplus Funding (\$millions)</b>			
	\$ 1,105.2	\$ 905.0	22.1%
<b>VII. Amortization of UAAL</b>			
Total Contribution Rate Needed for 30-Year Amortization (as a % of Payroll)	24.34%	22.92%	6.2%
<b>VIII. Funding Ratio</b>			
	63.5%	68.3%	(7.1)%
<b>IX. Normal Cost as a Percent of Salary</b>			
	14.95%	14.95%	0.0%
<b>Market Value of Assets (MVA) -- For Informational Purposes Only</b>			
<b>X. Assets Based on MVA</b>			
A. Market Value of Assets (\$millions)	\$ 1,951.4	\$ 1,753.5	11.3%
<b>XI. Amortization of UAAL Based on MVA</b>			
A. Total Contribution Rate Needed for 30-Year Amortization (as a % of Payroll)	24.06%	24.76%	(2.8)%
<b>XII. Funding Ratio Based on MVA</b>			
	64.5%	61.3%	5.2%

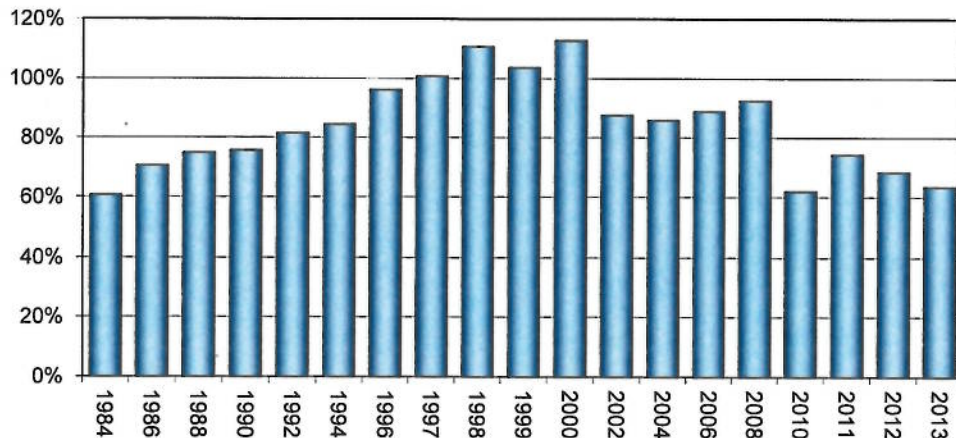
\*Includes non-vested terminated members whose contributions are still on deposit with SCERS as of valuation date.

## Seattle City Employees' Retirement System Actuarial Valuation

**Graph 1 Historical Asset and Liability Comparison**



**Graph 2 Historical Funding Ratios**



Year	(in Millions)				Funding Ratio
	PVB	Assets	PVFNC	UAAL	
1998	1,539.3	1,224.6	433.5	(118.8)	110.7%
2000	1,872.4	1,582.7	469.3	(179.6)	112.8%
2002	2,088.7	1,383.7	507.3	197.7	87.5%
2004	2,229.8	1,527.5	450.9	251.4	85.9%
2006	2,448.5	1,791.8	431.0	225.8	88.8%
2008	2,825.8	2,119.4	531.2	175.2	92.4%
2010	3,328.7	1,645.3	674.9	1,008.5	62.0%
2011	3,379.6	2,013.7	670.6	695.4	74.3%
2012	3,494.1	1,954.3	634.8	905.0	68.3%
2013	3,679.8	1,920.1	654.5	1,105.2	63.5%



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# Seattle City Employees' Retirement System Actuarial Valuation

## Section 2 Scope of the Report

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This report presents the actuarial valuation of the Seattle City Employees' Retirement System as of January 1, 2013.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets of the System. A summary of the assets is set forth in Table 2. Sections 3, 4, and 5 describe how the obligations of the System are to be met under the actuarial cost method in use.

Section 6 discloses actuarial information based on the requirements of Statements No. 25 and 27 of the Governmental Accounting Standards Board. Section 7 sets forth estimated actuarial gains or losses from the various sources. Section 8 shows projections of the System's funding under both optimistic and pessimistic scenarios.

Appendix A is a summary of the actuarial procedures and assumptions used to compute the liabilities and contributions shown in this report.

The current benefit structure, as determined by the provisions of the governing law on January 1, 2013, is summarized in Appendix B. Schedules of valuation data classifying the data used in the valuation by various categories of contributing members, former contributing members and beneficiaries make up Appendix C.

Comparative statistics are presented on the System's membership and contribution rates. Appendix D is a glossary of actuarial terms used in this report.

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## Seattle City Employees' Retirement System Actuarial Valuation

### Section 3 Assets

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In many respects, an actuarial valuation can be regarded as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is January 1, 2013. On that date, the assets available for the payment of benefits are appraised. These assets are compared with the actuarial liabilities, which are generally well in excess of the assets. The actuarial process thus leads to a method of determining what contributions by members and their employers are needed to pay expected benefits.

This section of the report deals with the asset determination. In the next section, the actuarial liabilities will be discussed. Section 5 will deal with the process for determining required contributions, based on the relationship between the assets and the actuarial liabilities.

Beginning with the January 1, 2011 actuarial valuation, SCERS adopted five-year asset smoothing. This smoothing process recognizes the asset gain or loss occurring in each year evenly over a five-year period.

Table 2 shows the calculation of the Actuarial Value of Assets as of January 1, 2013. Note that a net gain is currently being deferred. This means that, even if the system earns 7.75% in the future, the AVA will experience an actuarial gain over upcoming years as the remaining portions of deferred gains are recognized. In both the Executive Summary and Section 8 of this report, we discuss projections of the required contribution rates resulting from this expected increase in the AVA.

Table 3 summarizes the financial resources of the System on January 1, 2013 on a Market Value basis. Of the total assets, a minor portion is set aside for the payment of current liabilities and expenses. Table 3 shows the Market Value of Assets at January 1, 2013 and January 1, 2012. For years prior to 2011, the Actuarial Value of Assets is equal to the Market Value.

**Seattle City Employees' Retirement System**  
**Actuarial Valuation**

**Table 2 Calculation of Actuarial Value of Assets at January 1, 2013**  
(All dollar amounts in millions)

Year Ended	Market Value at Beginning of Year	Total Contributions	Benefit Payments		Interest	Market Value of Assets		Asset Gain/(Loss)	Current Phase Out	Deferred Amount
			Plus Admin. Expenses	Expenses		Expected*	Actual			
December 31, 2008	2,119.4	91.9	115.0	163.4	2,259.7	1,477.4	(782.3)	0%	-	
December 31, 2009	1,477.4	93.0	120.3	113.5	1,563.6	1,645.3	81.7	20%	16.3	
December 31, 2010	1,645.3	90.6	131.7	125.9	1,730.1	1,812.8	82.7	40%	33.1	
December 31, 2011	1,812.8	100.7	140.7	139.0	1,911.8	1,753.5	(158.3)	60%	(95.0)	
December 31, 2012	1,753.5	119.6	152.4	134.6	1,855.3	1,951.4	96.1	80%	76.9	
Total Deferred at Jan. 1, 2013:									31.3	
Market Value of Assets at Jan. 1, 2013:									1,951.4	
Less Total Deferred at Jan. 1, 2013:									31.3	
<b>Actuarial Value of Assets at Jan. 1, 2013:</b>									<b>1,920.1</b>	

\*Expected Market Value of Assets assumes 7.75% return, taking into account actual cashflows during year.



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## Seattle City Employees' Retirement System Actuarial Valuation

**Table 3 Summary of Plan Net Assets (at Market Value)**

	January 1, 2013		January 1, 2012	
	Market Value	Distribution	Market Value	Distribution
<b>Assets</b>				
Cash and short-term investments	51,082,867	2.6%	114,703,539	6.5%
Securities lending collateral	10,154,781	0.5%	3,489,721	0.2%
<b>Receivables</b>				
Employee	2,452,509	0.1%	2,110,074	0.1%
Employer	2,230,401	0.1%	1,536,698	0.1%
Interest and Dividends	2,324,732	0.1%	2,281,373	0.1%
Sales Proceeds Receivable	3,086,954	0.2%	79,507,081	4.5%
Foreign Currency Contracts	<u>35,023,018</u>	<u>1.8%</u>	-	<u>0.0%</u>
Total Receivables	45,117,614	2.3%	85,435,226	4.9%
<b>Investments at fair value</b>				
<b>Fixed Income</b>				
US Government obligations	97,032,271	5.0%	87,699,524	5.0%
Corporate bonds	150,551,988	7.7%	138,742,103	7.9%
Mortgage backed	113,394,160	5.8%	130,049,800	7.4%
Foreign sovereign	20,592,643	1.1%	16,150,802	0.9%
Domestic stocks	581,330,209	29.8%	503,957,527	28.7%
International stocks	554,959,429	28.4%	416,713,116	23.8%
Real estate	216,761,221	11.1%	207,713,900	11.8%
Alternative	<u>179,703,453</u>	<u>9.2%</u>	<u>132,558,186</u>	<u>7.6%</u>
Total investments	1,914,325,375	98.1%	1,633,584,958	93.2%
<b>Total assets</b>	<b>2,020,680,636</b>	<b>103.5%</b>	<b>1,837,213,444</b>	<b>104.8%</b>
<b>Liabilities</b>				
Pension & Other payables	1,667,979	-0.1%	1,501,302	-0.1%
Securities lending obligation	13,404,350	-0.7%	6,911,249	-0.4%
Investment commitments payable	19,150,015	-1.0%	75,276,679	-4.3%
Foreign currency contracts	<u>35,023,018</u>	<u>-1.8%</u>	-	<u>0.0%</u>
Total Liabilities	69,245,362	-3.5%	83,689,230	-4.8%
<b>Market Value of Net Assets Held in Trust For Pension Benefits</b>				
	<b>1,951,435,274</b>	<b>100.0%</b>	<b>1,753,524,214</b>	<b>100.0%</b>

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## Seattle City Employees' Retirement System Actuarial Valuation

### Section 4 Actuarial Liabilities

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In the previous section, an actuarial valuation was related to an inventory process and an analysis was given of the inventory of assets of the System as of the valuation date, January 1, 2013. In this section, the discussion will focus on the commitments of the System, which will be referred to as its actuarial liabilities.

Table 4 contains an analysis of the actuarial present value of all future benefits for contributing members, for former contributing members, and for beneficiaries. The analysis is given by type of benefit.

The actuarial liabilities summarized in Table 4 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes a measure of both benefits already earned and future benefits to be earned. Thus, for all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and, if an optional benefit is chosen, for the lives of their surviving beneficiaries.



**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table 4 Actuarial Present Value of Future Benefits**  
(All dollar amounts in millions)

	<u>January 1, 2013</u>	<u>January 1, 2012</u>
<b>A. Active Members</b>		
Service Retirement	\$ 2,038.3	\$ 1,976.1
Vested Retirement	57.0	55.1
Disability Retirement	12.0	11.7
Survivor Benefits	25.1	24.7
Refund of Member Contributions	<u>34.0</u>	<u>32.8</u>
<b>Total</b>	<b>\$ 2,166.4</b>	<b>\$ 2,100.4</b>
<b>B. Inactive Members and Annuitants</b>		
Service Retirement	\$ 1,261.9	\$ 1,165.9
Disability Retirement	9.6	10.0
Beneficiaries	93.0	88.8
Inactive Members	<u>148.9</u>	<u>129.0</u>
<b>Total</b>	<b>\$ 1,513.4</b>	<b>\$ 1,393.7</b>
<b>C. Grand Total</b>	<b>\$ 3,679.8</b>	<b>\$ 3,494.1</b>

## Seattle City Employees' Retirement System Actuarial Valuation

### Section 5 Employer Contributions

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#### Funding

As shown in Tables 2 and 4, the total actuarial liability exceeds the current Actuarial Value of Assets. This is to be expected, because the System is anticipating future member and employer contributions. The actuarial valuation develops a contribution method to fund this shortfall.

The actuarial cost method utilized is the Entry Age Actuarial Cost Method. This cost method has two components:

1. A normal cost
2. An amortization of the unfunded actuarial accrued liability

Most actuarial cost methods utilize a cost method with these two components. The vast majority of public pension plans utilize the entry age (EA) actuarial cost method, as does SCERS.

The normal cost under EA is developed so that benefits are funded as a level percentage of payroll for each member from the member's membership date to the member's termination date. One key feature of this method is that costs tend to be stable from year to year because most members' entry age cost percentages do not change materially from year to year, and because the population does not change considerably from year to year. Normal costs by benefit type are shown in Table 5.

When the present value of future normal costs is subtracted from the present value of total benefits, the result is the actuarial accrued liability. This can also be thought of as the present value of past normal costs, or the amount which would be in the fund if all prior assumptions had been exactly met. To the extent that this actuarial accrued liability exceeds plan assets, an unfunded actuarial accrued liability (UAAL) exists. This is currently the situation for the SCERS.

Because a UAAL exists, the total System costs must reflect an amortization of this UAAL. In general, a UAAL exists when liabilities increase more than anticipated or assets increase less than anticipated.

#### Actuarial Gains and Losses

When experience is different from actuarial expectation, an actuarial gain or loss occurs. Section 7 illustrates the historical actuarial gains and losses by source. Ongoing actuarial gains and losses decrease and increase the UAAL.

## Amortization of UAAL

Table 7 details the components of the actuarial required contribution rate of 24.34% by breaking it into the necessary funding components: normal cost and amortization of UAAL. It then illustrates the split between member and employer contribution rates, assuming that member contributions are allocated entirely toward paying the ongoing normal cost of benefits.

As of the January 1, 2013 valuation, the actuarial required contribution rate for the employer has increased to 14.31% beginning January 1, 2014. This is mainly due to the partial reflection of deferred 2008 asset losses, as well as the partial reflection of the 2011 asset loss. Note that this valuation recognizes the remaining balance of the 2008 asset loss.

The total contribution rate of 22.92% being paid in 2013 amortizes the January 1, 2012 UAAL over a 30-year period; however, it is not sufficient to amortize the UAAL based on the 2013 valuation over 30 years.

The current Retirement Board funding policy states that "...if the Funding Ratio is less than 100% and a UAAL occurs which cannot be amortized over a period of less than 20 years by the combined total contribution rates, additional employer contributions may be considered." It is our understanding that the City is currently committed to contributing the actuarial required contribution rate, with the goal of amortizing the UAAL over a period of 30 years.

The total contribution rate needs to be immediately (i.e., as of the beginning of the next calendar year) increased from 22.92% of pay to 24.34% of pay to be projected to amortize the UAAL over 30 years from January 1, 2013. Because this figure is based on an Actuarial Value of Assets which is currently deferring a net gain, this 24.34% is projected to decrease over the next several years if no other actuarial asset gains or losses were to occur.

In Section 8 of this report, we have included a five-year projection of the actuarial required contribution, including optimistic and pessimistic investment return scenarios.



**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table 5      Normal Cost Contribution Rates as Percentages of Salary**

	<u>January 1, 2013</u>	<u>January 1, 2012</u>
Service Retirement	11.63 %	11.60 %
Vested Retirement	1.26	1.28
Disability Retirement	0.14	0.14
Survivor Benefits	0.19	0.19
Refund of Member Contributions	1.33	1.34
Administrative Expenses	<u>0.40</u>	<u>0.40</u>
Total	14.95 %	14.95 %



**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table 6      Unfunded Actuarial Accrued Liability**  
(All dollar amounts in millions)

	<u>January 1, 2013</u>	<u>January 1, 2012</u>
A. Actuarial present value of all future benefits for present and former members and their survivors (Table 3)	\$     3,679.8	\$     3,494.1
B. Less actuarial present value of total future normal costs for present members	<u>          654.5</u>	<u>          634.8</u>
C. Actuarial accrued liability [A - B]	\$     3,025.3	\$     2,859.3
D. Less actuarial value of assets available for benefits (Table 2)	<u>          1,920.1</u>	<u>          1,954.3</u>
E. Unfunded actuarial accrued liability (Funding Excess, if negative) [C - D]	\$     1,105.2	\$        905.0
F. Funding Ratio [D ÷ C]	63.5%	68.3%

**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table 7 Contribution Rates as Percentages of Salary**

	<u>Actuarial Required Contribution Beginning</u>	
	<u>January 1, 2014</u>	<u>January 1, 2013</u>
A. Total normal cost rate	14.95 %	14.95 %
B. UAAL amortization rate	<u>9.39</u>	<u>7.97</u>
C. Actuarial required contribution rate	24.34 %	22.92 %
D. Member contribution rate	<u>10.03</u>	<u>10.03</u>
E. Allocation of employer contribution rate <sup>(1)</sup>		
Normal cost	4.92 %	4.92 %
Amortization payment	<u>9.39</u>	<u>7.97</u>
Total employer contribution rate	14.31 %	12.89 %

<sup>(1)</sup> If member contributions are all allocated to paying normal cost.

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## Seattle City Employees' Retirement System Actuarial Valuation

### Section 6 Actuarial Information for Accounting Purposes

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The Governmental Accounting Standards Board (GASB) has issued standards under Statements No. 25 and 27. Statement 25 is required reporting by the plan (the System) and Statement 27 is reporting by state and local governmental employers (the City). Statement 25 includes certain supplementary information:

1. A schedule of funding progress
2. A schedule of employer contributions

It should be noted that GASB has recently issued new statements that will supersede Statements No. 25 and 27. These will result in significant accounting changes and will be effective within a few years.

The schedule of funding progress is shown in Table 9 and compares assets and liabilities over the years. Primarily due to the poor investment returns of 2000 through 2003, as well as the extreme market downturn of 2008, the plan is not fully funded. Another material factor in the current funding shortfall is the benefit enhancements triggered in 2007 (i.e., 65% Floor COLA and the 1.5% COLA for all retirees).

The schedule of employer contributions is shown in Table 11 and shows that, except for the most recent three years, the employer has consistently made contributions equal to or greater than the Actuarial Required Contribution (ARC).

Table 8 develops the Annual Pension Cost (APC) and Net Pension Obligation (NPO). The NPO can be thought of as the accumulated value of APC in excess of employer contributions. Because contributions have exceeded the APC in prior years, a negative NPO has built up. The current Board policy is to set the ARC equal to the fixed contribution rate, solving for the amortization period.

If the fixed rate is not sufficient to fund the UAAL over a period of 30 years or less, the ARC will be equal to the amount needed to fund the normal cost for the year plus a 30-year amortization payment of the UAAL. This is the minimum allowed for accounting purposes under current GASB parameters. Note that, per GASB requirements, the ARC does not include an assumption for expected future growth in membership.



**Actuarial Information  
(continued)**

Despite the large increase in the ARC, which was not fully funded by SCERS, the NPO remains negative due to the large negative balance previously accumulated through past contributions in excess of the ARC. However, this has been significantly depleted and a large buffer no longer exists.



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## Seattle City Employees' Retirement System Actuarial Valuation

**Table 8      GASB Statement No. 27 Annual Pension Cost  
and Net Pension Obligation**

For Fiscal Years Ending December 31, 2012 and December 31, 2013  
Based on January 1, 2011 and January 1, 2012 Valuations\*

	2012	2013
1a Total Normal Cost Rate	14.99%	14.95%
1b Employee Contribution Rate	10.03%	10.03%
1c Employer Normal Cost Rate (1a - 1b)	4.96%	4.92%
2a Total Employer Contribution Rate	11.01%	12.89%
2b Amortization Payment Rate (2a - 1c)	6.05%	7.97%
2c Amortization Period	38 years	38 years
2d GASB 27 Amortization Rate	6.88%	9.10%
3 Total Annual Required Contribution (ARC) Rate (1c + 2d)**	11.84%	14.02%
4 Covered Employee Payroll***	567,805,922	
5a ARC (3 x 4)	67,228,221	
5b Interest on Net Pension Obligation (NPO)	(551,926)	
5c ARC Adjustment	385,452	
5d Annual Pension Cost (APC) (5a + 5b + 5c)	67,061,747	
6 Employer Contribution	62,515,432	
7a Change in NPO (5d - 6)	4,546,315	
7b NPO at Beginning of Year	(7,121,624)	
7c NPO at End of Year (7a + 7b)	(2,575,309)	

\* Beginning with the January 1, 2013 actuarial valuation report, GASB calculations take into account the lag between determination of the actuarial contribution rate and the date of expected contribution rate. For example, the January 1, 2011 actuarial valuation calculates the contribution rate beginning January 1, 2012 (for fiscal year ending December 31, 2012). This change was made due to SCERS' new funding policy, adopted in 2011, to contribute the actuarially determined contribution rate (previously, a fixed rate was contributed).

\*\* If the amortization period determined by the actual contribution rate exceeds the maximum amortization period required by GASB Statement No. 27, the ARC is determined using an amortization of the UAAL over 30 years.

\*\*\* Covered payroll includes compensation paid to all active employees on which contributions were made.



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**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table 9 Schedule of Funding Progress**  
(All dollar amounts in millions)

Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll <sup>(1)</sup>	UAAL as a Percentage of Covered Payroll
1984	\$ 329.8	\$ 544.0	\$ 214.2	60.6%	\$ 159.4	134.4%
1986	395.7	561.3	165.6	70.5	182.0	91.0
1988	445.4	595.3	149.9	74.8	199.0	75.3
1990	558.8	737.9	179.1	75.7	212.3	84.4
1992	660.0	810.5	150.5	81.4	239.4	62.9
1994	781.8	926.2	144.4	84.4	291.8	49.5
1996	980.2	1,019.7	39.5	96.1	310.6	12.7
1997	1,094.8	1,087.3	(7.5)	100.7	316.9	(2.4)
1998 <sup>(2)</sup>	1,224.6	1,266.7	42.1	96.7	341.5	12.3
1999	1,375.0	1,326.6	(48.4)	103.6	370.4	(13.1)
2000	1,582.7	1,403.1	(179.6)	112.8	383.6	(46.5)
2002	1,383.7	1,581.4	197.7	87.5	405.1	48.8
2004	1,527.5	1,778.9	251.4	85.9	424.7	59.2
2006	1,791.8	2,017.5	225.8	88.8	447.0	50.5
2008	2,119.4	2,294.6	175.2	92.4	501.9	34.9
2010	1,645.3	2,653.8	1,008.5	62.0	580.9	173.6
2011	2,013.7	2,709.0	695.4	74.3	563.2	123.5
2012	1,954.3	2,859.3	905.0	68.3	557.0	162.5
2013	1,920.1	3,025.3	1,105.2	63.5	567.8	194.6

<sup>(1)</sup> Covered Payroll includes compensation paid to all active employees on which contributions are calculated. Covered Payroll differs from the Active Member Valuation Payroll shown in Table 1, which is an annualized compensation of only those members who were active on the actuarial valuation date.

<sup>(2)</sup> Reflects increased COLA benefits adopted by the City Council after the valuation was completed.

## Seattle City Employees' Retirement System Actuarial Valuation

**Table 10 Solvency Test**  
(All dollar amounts in millions)

Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liabilities for				Portion of Actuarial Accrued Liabilities Covered by Assets			
		(A) Active Member Contributions	(B) Inactives, Retirees and Beneficiaries	(C) Active Members (Employer Financed Portion)	(D) Total	(A)	(B)	(C)	(D)
1984	\$ 329.8	\$ 90.1	\$ 243.0	\$ 210.9	\$ 544.0	100.0%	98.6%	0.0%	60.6%
1986	395.7	110.7	263.1	187.5	561.3	100.0	100.0	11.7	70.5
1988	445.4	136.0	303.6	155.7	595.3	100.0	100.0	3.7	74.8
1990	558.8	164.0	332.8	241.1	737.9	100.0	100.0	25.7	75.7
1992	660.0	202.6	357.9	250.0	810.5	100.0	100.0	39.8	81.4
1994	781.8	248.4	383.1	294.7	926.2	100.0	100.0	51.0	84.4
1996	980.2	294.1	409.3	316.3	1,019.7	100.0	100.0	87.5	96.1
1997	1,094.8	313.1	449.8	324.4	1,087.3	100.0	100.0	100.0	100.7
1998 <sup>(1)</sup>	1,224.6	337.3	551.8	377.6	1,266.7	100.0	100.0	88.9	96.7
1999	1,375.0	358.4	577.6	390.6	1,326.6	100.0	100.0	100.0	103.6
2000	1,582.7	385.2	599.4	418.5	1,403.1	100.0	100.0	100.0	112.8
2002	1,383.7	434.3	675.6	471.5	1,581.4	100.0	100.0	58.1	87.5
2004	1,527.5	482.5	758.9	537.5	1,778.9	100.0	100.0	53.2	85.9
2006	1,791.8	539.7	902.2	575.6	2,017.5	100.0	100.0	60.8	88.8
2008	2,119.4	590.1	1,084.9	619.6	2,294.6	100.0	100.0	71.7	92.4
2010	1,645.3	684.7	1,176.4	792.7	2,653.8	100.0	81.7	0.0	62.0
2011	2,013.7	683.7	1,290.9	734.4	2,709.0	100.0	100.0	5.3	74.3
2012	1,954.3	730.9	1,393.7	734.7	2,859.3	100.0	87.8	0.0	68.3
2013	1,920.1	757.3	1,513.4	754.6	3,025.3	100.0	76.8	0.0	63.5

<sup>(1)</sup> Reflects increased COLA benefits adopted by the City Council after the valuation was completed.



## Seattle City Employees' Retirement System Actuarial Valuation

**Table 11**      **Schedule of Employer Contributions**  
(All dollar amounts in millions)

Fiscal Year Ending December 31	Covered Employee Payroll <sup>(1)</sup>	Actual Employer Contributions <sup>(2)</sup>	Actual Employer Contribution % <sup>(3)</sup>	Annual Required Contribution (ARC) % <sup>(4)</sup>	Percentage of ARC Contributed
1989	\$ 212.3	\$ 25.1	8.91%	8.91%	159.4%
1990	243.2	21.8	8.91	8.91	100.0
1991	239.4	21.5	8.91	8.91	100.0
1992	280.4	25.1	8.91	8.91	100.0
1993	291.8	26.1	8.91	8.91	100.0
1994	298.0	26.7	8.91	8.91	100.0
1995	310.6	27.8	8.91	8.91	100.0
1996	316.9	28.4	8.91	8.91	100.0
1997	316.3	28.3	8.91	8.91	100.0
1998 <sup>(4)</sup>	341.5	30.6	8.91	8.91	100.0
1999	370.4	29.7	8.03	4.50	178.0
2000	383.6	30.8	8.03	4.50	178.0
2001	405.1	32.7	8.03	3.04	264.0
2002	454.5	36.6	8.03	3.04	264.0
2003	424.7	34.2	8.03	8.03	100.0
2004	456.8	36.7	8.03	8.03	100.0
2005	447.0	35.9	8.03	8.03	100.0
2006	472.5	37.9	8.03	8.03	100.0
2007	501.9	40.3	8.03	8.03	100.0
2008	572.4	46.0	8.03	8.03	100.0
2009	580.9	46.7	8.03	8.03	100.0
2010	563.2	45.2	8.03	17.00	47.2
2011	557.0	50.3	9.03	13.11	68.9
2012	567.8	62.5	11.01	11.84	93.0

<sup>(1)</sup> Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll.

<sup>(2)</sup> The actual and required employer contributions are expressed as a percentage of payroll, after first recognizing the \$12 per employee assessment made for the death benefits. This assessment per employee is included in the actual employer contributions reported and has been previously recognized by the actuary in determining the ARC.

<sup>(3)</sup> The City makes employer contributions as a percentage of actual payroll as set in the City Ordinance. Thus, as long as the percentage equals the percentage required by the most recent actuarial valuation, the dollar amount of the Annual Required Contributions (ARC) is equal to the actual dollar amount of the employer contributions. The City Ordinance does not permit a reduction in the employer contribution rate less than the employee contribution rate. Thus, the City's contributions exceeded the ARC for 1999 through 2007 and resulted in a negative NPO amount.

<sup>(4)</sup> ARC reflects the increased COLA benefits adopted in 1998. ARC is calculated assuming 0.0% population growth.

**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table 12      GASB Statement No. 27 Five-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Contribution as a Percentage of APC</u>	<u>Net Pension Obligation (NPO)</u>
December 31, 2008	46,245,324	99%	(78,149,216)
December 31, 2009	46,933,422	99%	(77,865,963)
December 31, 2010	93,923,454	48%	(29,167,296)
December 31, 2011	72,346,935	70%	(7,121,624)
December 31, 2012	67,061,747	93%	(2,575,309)



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**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table 13 GASB Statement No. 27 Annual Development of Pension Cost**

<u>Fiscal Year Ending</u>	<u>ARC at EOY</u>	<u>Interest on NPO</u>	<u>ARC Adjustment</u>	<u>Annual Pension Cost (APC)</u>	<u>Total Employer Contributions</u>	<u>Change in NPO</u>	<u>NPO Balance</u>	<u>Gain/Loss</u>	<u>Amort. Factor</u>	<u>Amort. Of Gain/Loss</u>	<u>Ending Balance</u>
December 31, 2008	45,961,040	(6,078,596)	6,362,880	46,245,324	45,961,040	284,284	(78,149,216)	-	12.32873	(6,362,880)	(78,149,216)
December 31, 2009	46,650,169	(6,056,564)	6,339,817	46,933,422	46,650,169	283,253	(77,865,963)	-	12.32873	(6,339,817)	(77,865,963)
December 31, 2010	95,743,634	(6,034,612)	4,214,432	93,923,454	45,224,787	48,698,667	(29,167,296)	50,518,847	18.47603	(4,214,432)	(29,167,296)
December 31, 2011	73,028,744	(2,260,465)	1,578,656	72,346,935	50,301,263	22,045,672	(7,121,624)	22,727,481	18.47603	(1,578,656)	(7,121,624)
December 31, 2012	67,228,221	(551,926)	385,452	67,061,747	62,515,432	4,546,315	(2,575,309)	4,712,789	18.47603	(385,452)	(2,575,309)

Amortization Period: Open 30 years, unless fixed rate amortizes in less than 30 years.  
Amortization Method: Level Percentage of Projected Payroll.



## Seattle City Employees' Retirement System Actuarial Valuation

### Section 7 Actuarial Gains or Losses

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An analysis of actuarial gains or losses was performed in conjunction with the January 1, 2011, January 1, 2012 and January 1, 2013 actuarial valuations.

The results of our analysis of the financial experience of the System in the three most recent actuarial valuations are presented in Table 14. Each gain or loss shown represents our estimate of how much the given type of experience caused the UAAL to change in the period since the previous actuarial valuation.

Gains and losses due to demographic sources are approximate. Demographic experience is analyzed in greater detail in our periodic assumption studies.

There is one non-recurring item reflected in the current year's actuarial gains and losses:

- A number of terminated SCERS members were not reported as vested in the 2012 and prior valuation data. The data provided to us for these employees has been corrected for the January 1, 2013 valuation, causing an increase in the UAAL.



**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table 14 Analysis of Actuarial Gains or Losses**  
(All dollar amounts in millions)\*

	Gain (Loss) for Period		
	2012	2011	2010
<b>Investment Income.</b> Investment income on AVA was greater (less) than assumed.	\$(151.6)	\$(173.9)	\$82.7
<b>Pay Increases.</b> Pay increases were less (greater) than expected.	3.1	31.7	96.0
<b>Age and Service Retirements.</b> Members retired at older (younger) ages or with less (greater) final average pay than expected.	13.7	14.4	0.7
<b>Disability Retirements.</b> Disability claims were less (greater) than expected.	(0.1)	(0.1)	(0.2)
<b>Death-in-Service Benefits.</b> Survivor claims were less (greater) than expected.	0.0	0.0	0.0
<b>Withdrawal from Employment.</b> More (less) reserves were released by withdrawals than expected.	(14.9)	(16.8)	(8.5)
<b>Death after Retirement.</b> Retirees died younger (lived longer) than expected.	<u>(2.8)</u>	<u>(7.8)</u>	<u>(3.7)</u>
<b>Total Gain or (Loss) during Period from Financial Experience</b>	\$(152.6)	\$(152.5)	\$167.0
<b>Nonrecurring Items:</b>			
Changes in actuarial assumptions and plan amendments caused a gain (loss).	0.0	9.1	23.8
Data revisions	(17.0)	(30.5)	0.0
Change in actuarial asset valuation method caused a gain (loss).	<u>N/A</u>	<u>N/A</u>	<u>200.9</u>
<b>Composite Gain (Loss) during Period</b>	\$(169.6)	\$(173.9)	\$391.7

\* Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the UAAL.

## Seattle City Employees' Retirement System Actuarial Valuation

### Section 8 Contribution Rate Projections and Increases

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This section of the January 1, 2013 actuarial valuation is devoted to a detailed discussion of the contribution rates currently needed, and projected to be needed, in order to effectively fund the System.

This section illustrates two key points:

1. As mentioned throughout this report, the current AVA is deferring a net gain. As a result, if no actuarial asset gains or losses were to occur over the next several years (i.e., the market return equals 7.75%), the actuarial required contribution rate would be projected to decrease slightly (and the Funding Ratio would be projected to increase) as the remaining deferred gains are fully phased in.
2. Currently, SCERS is contributing a total rate of 22.92% of payroll (employer and member). The actual contribution rate needed will vary in the future. We have shown projections to roughly quantify the potential impact of good and bad experience.

#### Projection of Actuarial Required Contribution Rate

We have performed a five-year projection of the actuarial required contribution rate under three different scenarios:

1. Assuming that the investment return assumption of 7.75% is met in each future year.
2. Assuming that the assets return at the 5<sup>th</sup> percentile.
3. Assuming that the assets return at the 95<sup>th</sup> percentile.

The result is effectively a 90% confidence interval (based on asset returns) of the projected contribution rates in these years. Note that in each scenario, all other actuarial assumptions are assumed to be met.

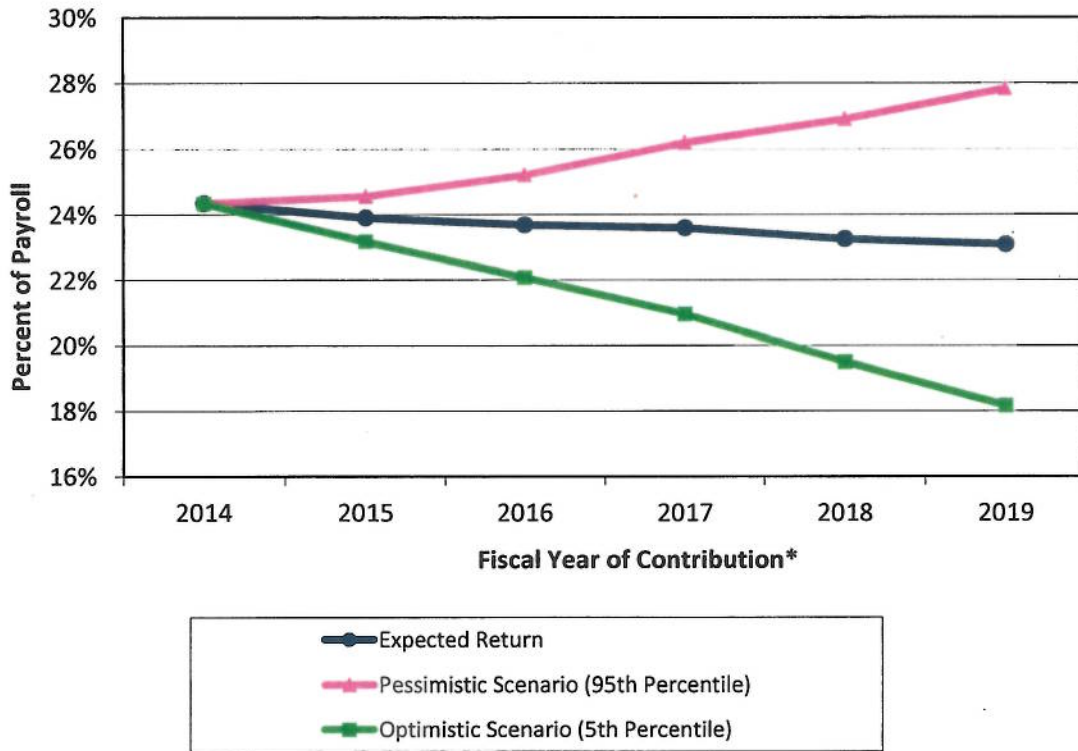
The projections assume the City contributes the actuarial required contribution rate each year in the future. This rate is based on a 30-year open amortization method and includes a 1% population growth assumption. Future returns at the 5<sup>th</sup> and 95<sup>th</sup> percentile are based on Milliman's capital market assumptions and SCERS's January 1, 2013 asset allocation.

Table 15 provides the results of these projections.

## Seattle City Employees' Retirement System Actuarial Valuation

**Table 15 Projected Total Contribution Rates**

### Projected Total Actuarial Required Contribution Rate



### Projected Actuarial Required Total Contribution Rate

Contribution Year*	95th Percentile	Assuming 7.75% Future Returns	5th Percentile
2014	24.34%	24.34%	24.34%
2015	24.56%	23.91%	23.18%
2016	25.22%	23.69%	22.08%
2017	26.20%	23.60%	20.96%
2018	26.90%	23.26%	19.50%
2019	27.83%	23.08%	18.16%

\* Contribution year lags calculation year by one year. For example: Contribution Year 2014 is based on the 2013 valuation results, amortized over 30 years beginning in 2013, if the increase takes place in 2014.



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**Contribution  
Increases**

The current contribution rate needs to be increased in order to be sufficient to amortize the UAAL over a 30-year period. As of January 1, 2014, an actuarial required contribution rate of 24.34% is projected to be needed in order to amortize the UAAL over a 30-year period beginning January 1, 2013.

This represents a needed increase of 1.42% of pay, in addition to the current 22.92% of pay being contributed (by the employer and members combined). Note that due to the future recognition of deferred asset gains, this amount is expected to decrease in the next valuation.



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## Seattle City Employees' Retirement System Actuarial Valuation

### Section 9 Projection of Benefit Payments and Contribution Dollars

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#### Projection of Benefit Payments and Contribution Dollars

This section of the January 1, 2013 actuarial valuation illustrates projected SCERS benefit payments and dollar contributions over a 10-year period following the actuarial valuation.

These projections assume all actuarial assumptions, including 7.75% investment returns (on a market basis) in each future year, are met in the future.

The projection of contribution dollars makes the following additional key assumptions:

1. Valuation payroll is assumed to grow with both wage inflation and 1% annual population growth (per current SCERS assumptions).
2. SCERS is assumed to make the actuarially required contribution rate calculated in each projection year.
3. Future recognition of currently deferred asset gains or losses is reflected in the projection.

Tables 16 shows the results of these projections.

**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table 16**      **10-Year Projection of Benefit Payments and Contributions\***  
(\$ in millions)

Year	Projected Benefit Payments	Projected Contribution Dollars
2014	\$ 166.2	\$ 141.1
2015	179.1	145.5
2016	192.1	151.4
2017	205.1	158.4
2018	217.9	164.0
2019	231.2	171.0
2020	244.8	179.6
2021	258.1	188.7
2022	271.2	198.2
2023	284.0	208.2

*\*Benefit payments do not include administrative expenses.  
Contributions include employer and member contributions.*

# Seattle City Employees' Retirement System Actuarial Valuation

## Appendix A Actuarial Procedures and Assumptions

---



This section of the report describes the actuarial procedures and assumptions used in this valuation. The assumptions used in this valuation were adopted by the SCERS Board at their June, 2011 meeting.

The actuarial assumptions used in the valuation are intended to estimate the future experience of the members of the System and of the System itself in areas that affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the System's benefits. Table A-1 summarizes the actuarial assumptions.

Table A-2 presents expected annual salary increases for various years of service. Tables A-3 through A-6 show rates of decrement for service retirement, disablement, mortality, and other terminations of employment. Table A-7 shows probabilities of vesting upon termination.

### Actuarial Cost Method

The actuarial valuation was prepared using the entry age actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs is called the unfunded actuarial accrued liability or UAAL. The UAAL is amortized as a level percentage of the projected salaries of present and future members of the System.

### Records and Data

The data used in the valuation consist of financial information; records of age, sex, service, salary, contribution rates and account balances of contributing members; and records of age, sex, and amount of benefit for retired members and beneficiaries. All of the data were supplied by the System and are accepted for valuation purposes without audit.



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A-1



**Replacement of  
Terminated Members**

The ages at entry and distribution by sex of future members are assumed to average the same as those of the present members they replace. If the number of active members should increase, it is further assumed that the average entry age of the larger group will be the same, from an actuarial standpoint, as that of the present group. Under these assumptions, the normal cost rates for active members will not vary with the termination of present members.

**Employer  
Contributions**

For 2013, the total employer contribution rate for normal costs and amortization of the UAAL was 12.92% of members' salaries. The employer contribution rate is determined as of the prior year's valuation such that the combined member and employer contribution rate is sufficient to amortize the UAAL over a 30-year period. The amortization payment is based on a level percent of pay.

**Administrative  
Expense**

The annual contribution assumed to be necessary to meet general administrative expenses of the system, excluding investment expenses, is 0.40% of members' salaries. This figure is included in the calculation of the normal cost rate.

**Valuation of Assets**

The assets are valued using a five-year smoothing method based on the difference between the expected market value and the actual market value of the assets in each year. The expected market value is the prior year's market value increased with the net increase in the cash flow, all increased with interest during the past fiscal year at the expected investment return rate assumption.

**Investment Earnings**

The annual rate of investment earnings of the assets of the System is assumed to be 7.75%. This rate is compounded annually and is net of investment expenses.

**Postretirement  
Benefit Increases**

Postretirement benefit increases include:

- Automatic 1.5% Annual COLA. This benefit applies to all members.
- 65% Restoration of Purchasing Power (ROPP). The member's benefit is the greater of 65% of the annual initial benefit adjusted for CPI or their applicable benefit. This minimum benefit is available to all retirees and beneficiaries. The financial impact of the ROPP benefit is valued, assuming an annual price inflation rate of 3.5%.

Additional contingent COLA increases that were adopted in 2001, but will not be effective until the System reaches at least a 100% Funding Ratio, are not included in the valuation results.

<b>Future Salaries</b>	Table A-2 illustrates the rates of future salary increases assumed for the purpose of the valuation. In addition to increases in salary due to promotions and longevity, this scale includes an assumed 4.0% per annum rate of increase in the general wage level of the membership.
<b>Service Retirement</b>	Table A-3 shows the annual assumed rates of retirement among members eligible for service retirement or reduced retirement. Separate rates are also used during the first year a member is eligible for service retirement.
<b>Disablement</b>	The rates of disablement used in this valuation are illustrated in Table A-4. It is assumed that one-third of all disabilities are duty related and two-thirds occur while off duty.
<b>Mortality</b>	The mortality rates used in this valuation are illustrated in Table A-5. A written description of each table used is included in Table A-1.
<b>Other Terminations of Employment</b>	The rates of assumed future withdrawal from active service for reasons other than death, disability or retirement are shown for representative ages in Table A-6. Note that this assumption only applies to members who terminate and are not yet eligible for retirement.
<b>Probability of Refund</b>	<p>Terminating members may forfeit a vested right to a deferred benefit if they elect a refund of their accumulated contributions. Table A-7 gives the assumed probability, at selected ages, that a terminating member will elect to receive a refund of his accumulated contributions instead of a deferred benefit.</p> <p>If a member terminates with more than 20 years of service, there is assumed to be a 20% probability that the member will elect a refund.</p> <p>Note that the probability of refund assumption only applies to members who terminate with a vested benefit and are not yet eligible for retirement.</p>
<b>Interest on Member Contributions</b>	Interest on member contributions made prior to January 1, 2012 is assumed to accrue at a rate of 5.75% per annum, compounded annually. Interest on member contributions made on or after January 1, 2012 is assumed to accrue at 5.00%.
<b>Portability</b>	The cost of portability with other public retirement systems is not included in this valuation.

**Probability of  
Marriage**

We assumed 60% of the active members are married or have a registered domestic partner.

**Commencement for  
Terminated Vested  
Members**

Vested members who terminate but elect to leave their contributions in the System are assumed to commence receiving benefits at age 62.



## Seattle City Employees' Retirement System Actuarial Valuation

**Table A-1 Summary of Valuation Assumptions as of January 1, 2013**

I. Economic assumptions		
A. Price inflation		3.50%
B. General wage increases		4.00
C. Investment return		7.75
D. Increase in membership		1.00
E. Interest on member accounts		5.75/5.00*
II. Demographic assumptions		
A. Salary increases due to promotion and longevity		Table A-2
B. Retirement		Table A-3
C. Disablement		Table A-4
D. Mortality** among contributing members		Table A-5
Men	RP 2000 Employees Table for Males, with ages set back three years.	
Women	RP 2000 Employees Table for Females, with ages set back three years.	
E. Mortality** among service retired members and beneficiaries		Table A-5
Men	RP2000 Combined Healthy Males, with ages set back one year.	
Women	RP2000 Combined Healthy Females, with ages set back one year.	
F. Mortality** among disabled members		Table A-5
Men	RP2000 Disabled Males, with ages set back four years.	
Women	RP2000 Disabled Females, with ages set back four years.	
G. Other terminations of employment		Table A-6
H. Probabilities of vesting on termination		Table A-7

\* Member contributions made prior to January 1, 2012 are assumed to accrue interest at 5.75%; contributions made on or after that date are assumed to accrue at 5.00%.

\*\* All mortality tables are generational using Projection Scale AA to reflect expected future mortality improvement.



**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table A-2 Future Salaries**

<b>Annual Rate of Increase</b>		
<b>Years of Service</b>	<b>Promotion and Longevity</b>	<b>Total</b>
0 to 1	4.50%	8.68%
1 to 2	3.50	7.64
2 to 3	2.75	6.86
3 to 4	2.00	6.08
4 to 5	1.50	5.56
9 to 10	0.80	4.83
14 to 15	0.45	4.47
19 to 20	0.29	4.30
24 to 25	0.25	4.26
29 to 30	0.25	4.26
35 or more	0.25	4.26



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**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table A-3 Retirement**

Age	Annual Probability					
	Men			Women		
	Eligible for Full Benefits			Eligible for Full Benefits		
	Eligible for Reduced Benefits	Less than 30 years of service	30 years or more of service	Eligible for Reduced Benefits	Less than 30 years of service	30 years or more of service
Less than 50	0.0%	10.0%	8.0%	0.0%	10.0%	10.0%
50	6.0	10.0	10.0	5.0	10.0	12.0
51	6.0	10.0	10.0	5.0	10.0	12.0
52	6.0	12.0	12.0	5.0	10.0	12.0
53	5.0	9.0	12.0	4.0	10.0	12.0
54	5.0	8.0	12.0	5.0	10.0	13.0
55	6.0	10.0	12.0	5.0	10.0	15.0
56	6.0	8.0	12.0	5.0	10.0	13.0
57	6.0	8.0	12.0	5.0	13.0	15.0
58	6.0	8.0	12.0	5.0	13.0	13.0
59	6.0	10.0	15.0	8.0	13.0	14.0
60	7.0	10.0	15.0	8.0	15.0	17.0
61	9.0	16.0	15.0	13.0	15.0	16.0
62	16.0	27.0	30.0	18.0	21.0	28.0
63	12.0	18.0	22.0	13.0	17.0	22.0
64	12.0	18.0	22.0	13.0	17.0	22.0
65		40.0	32.0		35.0	30.0
66		37.0	32.0		40.0	33.0
67		32.0	32.0		35.0	33.0
68		28.0	26.0		30.0	30.0
69		28.0	26.0		30.0	30.0
70		*	*		*	*

\* Immediate retirement is assumed for every person age 70 or over.

## Seattle City Employees' Retirement System Actuarial Valuation

**Table A-4    Disablement**

Age	Annual Rates	
	Men	Women
20	.00%	.00%
25	.00	.00
30	.04	.04
35	.04	.04
40	.05	.05
45	.05	.05
50	.08	.08
55	.08	.08
60	.08	.08
65	.00	.00

*Note: It is assumed that one-third of all disabilities are duty related and two-thirds are non-duty related.*

## Seattle City Employees' Retirement System Actuarial Valuation

**Table A-5 Mortality**

Age	Annual Probability*					
	Contributing Members		Members Retired for Service and Beneficiaries of Members		Disabled Members	
	Men	Women	Men	Women	Men	Women
22	0.03 %	0.02 %	0.04 %	0.02 %	2.26 %	0.74 %
27	0.04	0.02	0.04	0.02	2.26	0.74
32	0.04	0.02	0.05	0.03	2.26	0.74
37	0.07	0.04	0.08	0.05	2.26	0.74
42	0.10	0.06	0.11	0.08	2.26	0.74
47	0.14	0.10	0.16	0.12	2.26	0.74
52	0.20	0.16	0.24	0.19	2.64	0.98
57	0.28	0.23	0.42	0.31	3.29	1.45
62	0.44	0.36	0.77	0.58	3.93	1.97
67	0.70	0.54	1.44	1.10	4.66	2.53
72	N/A	N/A	2.46	1.86	5.69	3.32
77	N/A	N/A	4.22	3.10	7.33	4.58
82	N/A	N/A	7.20	5.08	9.76	6.35
87	N/A	N/A	12.28	8.64	12.83	8.78
92	N/A	N/A	19.98	14.46	16.22	12.25

\*The mortality rates shown above are generationally projected on an individual basis using Projection Scale AA for the valuation.



**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table A-6 Other Terminations of Employment Among Members Not Eligible to Retire**

Years of Service	Annual Rates for Men	Annual Rates for Women
0 to 1	7.0%	8.5%
1 to 2	6.5	8.3
2 to 3	6.3	8.0
3 to 4	6.0	7.8
4 to 5	5.5	7.5
5 to 6	5.0	7.0
6 to 7	4.5	6.3
7 to 8	4.0	5.7
8 to 9	3.6	5.1
9 to 10	3.2	4.5
10 to 11	2.8	4.0
11 to 12	2.5	3.5
12 to 13	2.3	3.2
13 to 14	2.0	2.9
14 to 15	1.8	2.6
15 to 16	1.6	2.3
16 to 17	1.4	2.0
17 to 18	1.2	1.7
18 to 19	1.1	1.4
19 to 20	1.0	1.2
20 to 21	0.9	1.1
21 to 22	0.8	1.0
22 to 23	0.8	0.9
23 to 24	0.7	0.8
24 to 25	0.7	0.8
25 to 26	0.6	0.7
26 to 27	0.6	0.7
27 to 28	0.5	0.6
28 to 29	0.5	0.6
29 to 30	0.4	0.5
30 and up	0.5	0.5



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**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Table A-7 Probability of Refund**

<u>Age</u>	<u>Probabilities of Refund upon Termination*</u>
25	70.0%
30	65.0
35	55.0
40	48.0
45	43.0
50	38.0
55	36.0
60	40.0

*\* If service is 20 or more years at termination,  
probability of refund is equal to 20%.*

## Seattle City Employees' Retirement System Actuarial Valuation

### Appendix B Provisions of Governing Law

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All actuarial calculations are based upon our understanding of the provisions governing the Seattle City Employees' Retirement System, Chapter 4.36 of the Seattle City Code. The benefit and contribution provisions are summarized briefly below, along with corresponding references to the City code. This summary encompasses the major provisions of the System; it does not attempt to cover all of the detailed provisions.

#### Effective Date

The effective date of the retirement system was July 1, 1929.  
(Section 4.36.080)

#### Members' Contribution Rate

The members' contribution rate is 10.03% of salary as of January, 2012. Certain members who were contributing at a lower rate on June 23, 1972 continue to contribute at a lower rate.  
(Section 4.36.110A)

#### City Contribution Rate

The City contribution rate is the amount that is actuarially determined to be necessary to fund that portion of the retirement allowances not covered by the members' contributions. This amount shall be at least the members' contribution rate.  
(Sections 4.36.110C and 4.36.170)

#### Final Compensation

Final compensation is based on highest average compensation (excluding overtime) during any consecutive 24 months.  
(Sections 4.36.040C and 4.36.050B)

#### Service Retirement

##### *Eligibility*

30 years of service;

Age 52 and 20 years of service;

Age 57 and 10 years of service; or

Age 62 and 5 years of service.

##### *Normal Form*

Straight life benefit.

##### *Optional Forms*

Actuarial equivalent according to the mortality and interest basis adopted by the Retirement Board for such purposes.



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**Service Retirement  
(continued)**

*Amount of Allowance*

The total monthly allowance is generally 2% times final compensation times total years of creditable service.

However, if the member does not qualify in one of the following ways, the 2% factor is reduced by 0.1% for each year that retirement precedes the earliest date the member would be:

- (a) any age with 30 years of service.
- (b) age 51-59, providing the member's age and years of service total 80 or more.
- (c) age 60 or older with 20 years of service.
- (d) age 65 or older with five years of service.

The reduction is somewhat less than 0.1% for members with less than 20 years of service.

For those hired on or after January 1, 1988, creditable service excludes the first six months of service.

*Maximum Allowance*

The formula-based retirement allowance (as described above) of any member shall be limited to 60% of final compensation, except where the minimum allowance described below applies.

*Minimum Allowance*

A monthly benefit based on twice the actuarial value of accumulated member contributions. This is not subject to the 60% of final compensation maximum.

(Sections 4.36.200, 4.36.210 and 4.36.260)

Note: Effective January 1, 2011, the conversion of the contributions to an annuity benefit in the minimum allowance reflects option factors that use the new mortality rates.



**Disability Retirement**

*Eligibility*

Ten years of service credited within the 15 years preceding disability retirement. If disablement occurs in the course of City employment, there is no service requirement.

*Normal Form*

Modified cash refund annuity. An optional survivor's benefit is available if the spouse is the beneficiary.

*Amount of Allowance*

The total monthly disability allowance is the greater of:

- (a) 1.5% times final compensation times completed years of creditable service.
- (b) 1.5% times final compensation times total years of creditable service that could have been earned to age 62, but not to exceed one-third of final compensation.

*Maximum Allowance*

The maximum disability allowance is 60% of final compensation.

*Minimum Allowance*

The minimum disability allowance is \$140 per month.

(Sections 4.36.220 and 4.36.230)

**Death Benefits**

*Retired Members*

Death benefits to retired members are payable according to the form of retirement allowance elected.

*Active Members*

- (a) Payment to the beneficiary of accumulated contributions, including interest; or
- (b) If the member had completed 10 years of service at the time of death, a surviving spouse or a registered domestic partner may elect to receive, in place of (a) above, either:
  - (1) A monthly allowance for life equal to the benefit the spouse would have received had the member just retired with a 100% contingent annuitant option in force; or
  - (2) A cash payment of no more than one-half of the member's accumulated contributions, along with a correspondingly reduced retirement allowance.

(Section 4.36.270)

**Withdrawal Benefits**

*Form*

Payment of accumulated contributions, with interest.

(Section 4.36.190)

**Vested Withdrawal  
Benefits**

*Eligibility*

Five years of service.

*Amount of Allowance*

Same as service retirement benefit.

*Benefits Commence*

Age 52, if 20 or more years of service;

Age 57, if 10-19 years of service; or

Age 62, regardless of years of service.

(Section 4.36.200)

**Postretirement  
Benefit Increases**

*Provisions*

Effective January 1, 2007, the City Council adopted a 65% Restoration of Purchasing Power benefit and an automatic 1.5% annual COLA to all members.

If the System reaches a 100% Funding Ratio, the restoration amount increases to 70%.

(Sections 4.36.155 and 4.36.215)

**Death Benefit  
System**

*Eligibility*

Mandatory for all active members; optional for retired members.

*Benefits*

\$2,000 upon the death of an active member or a participating retired member.

*Assessment*

Members pay an assessment of \$12 per year; the City pays a matching amount. If these assessments are not adequate, additional amounts may be transferred from the interest earnings in the retirement fund.

(Sections 4.36.320 and 4.36.330)

**Additional  
Contributions**

*Provisions*

Members may voluntarily make contributions in excess of the regular rate; these are make-up contributions that apply only in specific situations.

*Retirement Benefit*

A monthly annuity which is the actuarial equivalent of accumulated additional contributions with interest.

*Other Benefits*

Accumulated additional contributions, with interest, generally become payable upon termination other than retirement.

(Sections 4.36.030 and 4.36.210)

## Seattle City Employees' Retirement System Actuarial Valuation

### Appendix C Valuation Data

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This valuation is based upon the membership of the system as of January 1, 2013. Membership data were supplied by the System and accepted for valuation purposes without audit. However, extensive tests were performed to ensure that the data are sufficiently accurate for valuation purposes.

The data for all contributing members, former contributing members, and their survivors are summarized in Table C-1.

Tables C-2 through C-4 present distributions of members receiving service retirement benefits, members receiving disability retirement benefits, and survivors receiving benefits. Shown in the tables are the numbers of persons receiving benefits, the total annual benefits received (including payments for the annual bonus), and the average annual benefit per recipient.

Table C-5 contains summaries of the data for contributing members. Values shown in the tables are the numbers of members and their total and average annual salaries.

The valuation also includes liabilities attributable to members who have terminated employment but have neither retired nor withdrawn their contributions.



## Seattle City Employees' Retirement System Actuarial Valuation

**Table C-1 Summary of Membership Data**

	Contributing Members			Annuitants		
	Number	Annual Salaries (\$1,000)	Average Annual Salaries	Number	Annual Benefits (\$1,000)	Average Annual Benefits
January 1, 2013	8,465	\$ 579,396	\$ 68,449	5,742	\$ 137,836	\$ 24,006
January 1, 2012	8,430	560,412	66,476	5,580	128,645	23,056
January 1, 2011	8,599	569,472	66,225	5,428	118,920	21,909
January 1, 2010	9,071	596,892	65,802	5,304	108,886	20,529
January 1, 2008	8,842	529,062	59,835	5,201	102,772	19,760
January 1, 2006	8,521	468,096	54,934	5,011	83,988	16,761
January 1, 2004	8,382	441,562	52,680	4,876	74,341	15,246
January 1, 2002	8,758	418,908	47,831	4,733	61,801	13,058
January 1, 2000	8,669	382,620	44,137	4,681	55,542	11,865
January 1, 1999	7,779	333,984	42,934	4,644	52,482	11,301
January 1, 1998	7,926	329,028	41,512	4,649	50,394	10,840



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**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Inactive Lives**

**Table C-2 Members Receiving Service Retirement Benefits as of January 1, 2013**

	<50	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Totals
<b>Number of Persons</b>											
Male	1	13	114	439	733	545	396	260	227	154	2,882
Female	0	24	132	399	540	307	199	140	129	100	1,970
<b>Total</b>	<b>1</b>	<b>37</b>	<b>246</b>	<b>838</b>	<b>1,273</b>	<b>852</b>	<b>595</b>	<b>400</b>	<b>356</b>	<b>254</b>	<b>4,852</b>
<b>Annual Benefits in Thousands</b>											
Male \$ *	\$ 624	\$ 4,290	\$ 15,357	\$ 20,741	\$ 15,238	\$ 9,673	\$ 5,940	\$ 4,943	\$ 2,730	\$ 2,730	\$ 79,536
Female	0	820	4,479	11,723	12,902	6,696	3,572	2,316	1,671	999	45,178
<b>Total</b>	<b>0</b>	<b>1,444</b>	<b>8,769</b>	<b>27,080</b>	<b>33,643</b>	<b>21,934</b>	<b>13,245</b>	<b>8,256</b>	<b>6,614</b>	<b>3,729</b>	<b>124,714</b>
<b>Average Annual Benefits</b>											
Male \$ *	\$ 48,000	\$ 37,632	\$ 34,982	\$ 28,296	\$ 27,960	\$ 24,427	\$ 22,846	\$ 21,775	\$ 17,727	\$ 17,727	\$ 27,598
Female	0	34,167	33,932	29,381	23,893	21,811	17,950	16,543	12,953	9,990	22,933
<b>Total</b>	<b>0</b>	<b>39,027</b>	<b>35,646</b>	<b>32,315</b>	<b>26,428</b>	<b>25,744</b>	<b>22,261</b>	<b>20,640</b>	<b>18,579</b>	<b>14,681</b>	<b>25,704</b>

\* Benefit amounts for groups with only one member not shown.



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**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Inactive Lives**

**Table C-3 Members Receiving Disability Retirement Benefits as of January 1, 2013**

	<50	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Totals
<b>Number of Persons</b>											
Male	0	1	5	3	5	4	4	4	3	3	32
Female	2	5	11	4	1	4	2	1	0	1	31
<b>Total</b>	2	6	16	7	6	8	6	5	3	4	63
<b>Annual Benefits in Thousands</b>											
Male \$	0	\$ *	85	\$ 46	\$ 68	\$ 47	\$ 48	\$ 54	\$ 21	\$ 30	\$ 399
Female	40	75	179	69	*	40	23	*	0	*	426
<b>Total</b>	40	75	264	115	68	87	71	54	21	30	825
<b>Average Annual Benefits</b>											
Male \$	0	\$ *	\$ 17,000	\$ 15,333	\$ 13,600	\$ 11,750	\$ 12,000	\$ 13,500	\$ 7,000	\$ 10,000	\$ 12,469
Female	20,000	15,000	16,273	17,250	*	10,000	11,500	*	0	*	13,742
<b>Total</b>	20,000	12,500	16,500	16,429	11,333	10,875	11,833	10,800	7,000	7,500	13,081

\* Benefit amounts for groups with only one member not shown.



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**Seattle City Employees' Retirement System  
Actuarial Valuation**

**Inactive Lives**

**Table C-4 Survivors Receiving Retirement Benefits as of January 1, 2013\***

Number of Persons		<50	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Totals
Male	0	1	10	6	3	9	3	7	3	3	4	46
Female	8	7	25	63	47	48	72	102	147	147	178	697
<b>Total</b>	<b>8</b>	<b>8</b>	<b>35</b>	<b>69</b>	<b>50</b>	<b>57</b>	<b>75</b>	<b>109</b>	<b>150</b>	<b>150</b>	<b>182</b>	<b>743</b>

Annual Benefits in Thousands		<50	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Totals
Male \$	0 \$ *	\$ 169	\$ 18	\$ 117	\$ 79	\$ 43	\$ 38	\$ 21	\$ 21	\$ 21	\$ 28	\$ 513
Female	88	88	498	1,084	743	813	1,116	1,538	2,166	2,375	2,375	10,509
<b>Total</b>	<b>88</b>	<b>88</b>	<b>667</b>	<b>1,201</b>	<b>761</b>	<b>892</b>	<b>1,159</b>	<b>1,576</b>	<b>2,187</b>	<b>2,403</b>	<b>2,403</b>	<b>11,022</b>

Average Annual Benefits		<50	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Totals
Male \$	0 \$ *	\$ 16,900	\$ 6,000	\$ 19,500	\$ 8,778	\$ 14,333	\$ 5,429	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 11,152
Female	11,000	12,571	19,920	17,206	15,809	16,938	15,500	15,078	14,735	13,343	13,343	15,077
<b>Total</b>	<b>11,000</b>	<b>11,000</b>	<b>19,057</b>	<b>17,406</b>	<b>15,220</b>	<b>15,649</b>	<b>15,453</b>	<b>14,459</b>	<b>14,580</b>	<b>13,203</b>	<b>13,203</b>	<b>14,834</b>

\* Benefit amounts for groups with only one member not shown.

Note: In addition, 26 male survivors are receiving \$334,223 and 58 female survivors are receiving \$940,722 in Option B or Option C benefits for a certain period only.



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## Seattle City Employees' Retirement System Actuarial Valuation

### Active Lives

**Table C-5 Distribution of Employees and Salaries as of January 1, 2013**

Nearest Year of Service	Number of Employees - By Age Group - Males										Totals		
	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64		65-69	70+
0		10	12	17	16	18	8	13	13	12	2	2	123
1		15	35	38	44	33	29	22	23	7	2	2	250
2	1	6	11	10	18	14	14	8	10	8	3	2	107
3-4		9	47	54	54	57	62	48	38	24	6		399
5-9		3	71	171	210	196	177	175	133	80	32	5	1,253
10-14			1	29	104	143	176	173	164	105	38	12	945
15-19				1	5	74	98	91	102	63	25	6	465
20-24						16	81	125	125	85	28	3	463
25-29							13	67	96	96	19	9	300
30-34								35	73	64	14	1	187
35-39								3	31	30	23	2	89
40+									1	13	17	9	40
Totals	1	43	177	320	451	553	658	760	809	587	209	53	4,621

**Monthly Salaries in Thousands - By Age Group - Males**

Nearest Year of Service	Monthly Salaries in Thousands - By Age Group - Males										Totals		
	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64		65-69	70+
0	\$	\$ 28	\$ 40	\$ 88	\$ 89	\$ 93	\$ 45	\$ 77	\$ 81	\$ 65	\$ 16	\$ 12	\$ 634
1		45	158	208	243	172	169	137	159	50	14	8	1,363
2		20	50	62	110	116	88	58	44	66	20	2	637
3-4	1	25	217	299	319	329	356	272	208	117	30		2,172
5-9		11	328	880	1,204	1,177	1,038	1,028	731	466	184	13	7,060
10-14			1	139	589	889	1,089	1,097	966	618	231	75	5,694
15-19				7	26	440	638	574	599	404	157	40	2,885
20-24						99	520	789	861	521	177	14	2,981
25-29							85	450	642	623	125	59	1,984
30-34								244	515	447	99	9	1,314
35-39								18	195	192	159	8	572
40+									6	87	109	59	261
Totals	1	129	794	1,683	2,580	3,315	4,028	4,744	5,007	3,656	1,321	299	27,557



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Seattle City Employees' Retirement System  
Actuarial Valuation

Active Lives

Table C-5 Distribution of Employees and Salaries as of January 1, 2013

Nearest Year of Service	Average Monthly Salaries - By Age Group - Males											Totals													
	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69		70+												
0	\$	2,800	\$	3,333	\$	5,176	\$	5,563	\$	5,167	\$	5,625	\$	5,923	\$	6,231	\$	5,417	\$	8,000	\$	6,000	\$	5,154	
1		3,000		4,514		5,474		5,523		5,212		5,828		6,227		6,913		7,143		7,000		4,000		5,452	
2	1,000	3,333	4,545	6,200	6,111	7,250	6,286	7,250	4,400	7,250	4,400	6,286	7,250	4,400	7,250	4,400	6,286	7,250	4,400	6,286	7,250	4,400	6,286	7,250	
3-4		2,778	4,617	5,537	5,907	5,772	5,742	5,667	5,474	5,667	5,474	5,742	5,667	5,474	5,667	5,474	5,667	5,474	5,667	5,474	5,667	5,474	5,667	5,474	
5-9		3,667	4,620	4,620	5,146	6,005	5,864	5,874	5,496	6,005	5,864	5,874	5,496	6,005	5,864	5,874	5,496	6,005	5,864	5,874	5,496	6,005	5,864	5,874	
10-14			1,000	4,793	4,793	6,217	6,188	6,341	5,890	6,217	6,188	6,341	5,890	6,217	6,188	6,341	5,890	6,217	6,188	6,341	5,890	6,217	6,188	6,341	
15-19				7,000	5,200	5,946	6,510	6,308	6,888	6,188	6,420	6,510	6,308	6,888	6,188	6,420	6,510	6,308	6,888	6,188	6,420	6,510	6,308	6,888	
20-24									6,538																
25-29																									
30-34																									
35-39																									
40+																									
Totals	1,000	3,000	4,486	5,259	5,721	5,995	6,122	6,242	6,189	6,228	6,321	6,412	6,556	6,642	6,721	6,800	6,888	6,971	7,055	7,071	7,071	7,071	7,071	7,071	7,071



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Seattle City Employees' Retirement System  
Actuarial Valuation

Active Lives

Table C-5 Distribution of Employees and Salaries as of January 1, 2013

Nearest Year of Service	Number of Employees - By Age Group - Females										Totals		
	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64		65-69	70+
0	7		23	18	22	26	12	9	3	4	1		125
1	15	6	26	35	30	22	19	15	14	9	1		186
2	6	12	11	8	20	11	12	9	13	2			93
3-4	11	26	26	55	48	43	29	29	28	23	4	3	299
5-9	3	53	142	142	151	145	132	129	96	72	29	4	956
10-14			3	30	78	125	137	129	117	67	32	12	730
15-19					18	52	78	82	67	44	11	7	359
20-24					1	29	94	128	110	104	32	1	499
25-29						2	17	90	107	86	20	1	323
30-34								27	66	55	18	3	169
35-39								2	26	43	13		84
40+										12	8	1	21
Totals	0	42	143	288	368	455	530	649	647	521	169	32	3,844

Monthly Salaries in Thousands - By Age Group - Females

Nearest Year of Service	Monthly Salaries in Thousands - By Age Group - Females										Totals		
	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64		65-69	70+
0	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	40	12	53	106	81	138	125	83	74	53	3	7	579
2	12	22	90	37	165	61	66	49	79	9			887
3-4	7	198	262	240	240	233	151	171	164	102	17	12	461
5-9			14	631	816	801	700	715	536	404	128	8	1,464
10-14				122	423	693	836	713	682	354	150	19	4,944
15-19					86	282	429	472	413	222	60	19	4,006
20-24					4	145	557	722	649	612	163	1	1,983
25-29						9	88	536	675	530	116	4	2,853
30-34								175	384	322	113	18	1,958
35-39								12	140	239	75		1,012
40+										57	51	5	466
Totals	0	101	542	1,295	1,950	2,487	2,961	3,696	3,808	2,917	883	86	20,726



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Table C-5  
(continued)

Seattle City Employees' Retirement System  
Actuarial Valuation

Active Lives

Table C-5 Distribution of Employees and Salaries as of January 1, 2013

Nearest Year of Service	Average Monthly Salaries - By Age Group - Females													Totals
	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70+	Totals	
0	\$ 2,857	\$ 3,522	\$ 4,077	\$ 4,314	\$ 4,750	\$ 5,308	\$ 4,250	\$ 5,333	\$ 4,000	\$ 3,250	\$ 3,000	\$	\$ 4,632	
1	2,667	4,077	4,314	4,314	5,500	5,682	4,368	5,533	5,286	5,889	7,000		4,769	
2	2,000	4,417	4,625	4,625	4,750	5,545	5,500	5,444	6,077	4,500			4,957	
3-4	2,000	3,462	4,764	4,764	5,000	5,419	5,207	5,897	5,857	4,435	4,250	4,000	4,896	
5-9	2,333	3,736	4,444	4,444	5,404	5,524	5,303	5,543	5,583	5,611	4,414	2,000	5,172	
10-14		4,667		4,067	5,423	5,544	6,102	5,527	5,829	5,284	4,688	1,583	5,488	
15-19					4,778	5,423	5,500	5,756	6,164	5,045	5,455	2,714	5,524	
20-24					4,000	5,000	5,926	5,641	5,900	5,885	5,094	1,000	5,717	
25-29						4,500	5,176	5,956	6,308	6,163	5,800	4,000	6,062	
30-34								6,481	5,818	5,855	6,278	6,000	5,988	
35-39								6,000	5,385	5,558	5,769		5,548	
40+										4,750	6,375	5,000	5,381	
Totals	2,405	3,790	4,497	4,497	5,299	5,466	5,587	5,695	5,886	5,599	5,225	2,688	5,392	

This work product was prepared solely for SCERS for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.





## Seattle City Employees' Retirement System Actuarial Valuation

### Appendix D Glossary

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The following definitions are largely excerpts from a list adopted in 1981 by the major actuarial organizations in the United States. In some cases the definitions have been modified for specific applicability to the Seattle City Employees' Retirement System. Defined terms are capitalized throughout this Appendix.

#### **Accrued Benefit**

The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.

#### **Actuarial Accrued Liability**

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.

#### **Actuarial Assumptions**

Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement, and retirement; changes in compensation, rates of investment earnings, and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

#### **Actuarial Cost Method**

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

#### **Actuarial Gain (Loss)**

A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

#### **Actuarial Present Value**

The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.

#### **Actuarial Valuation**

The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

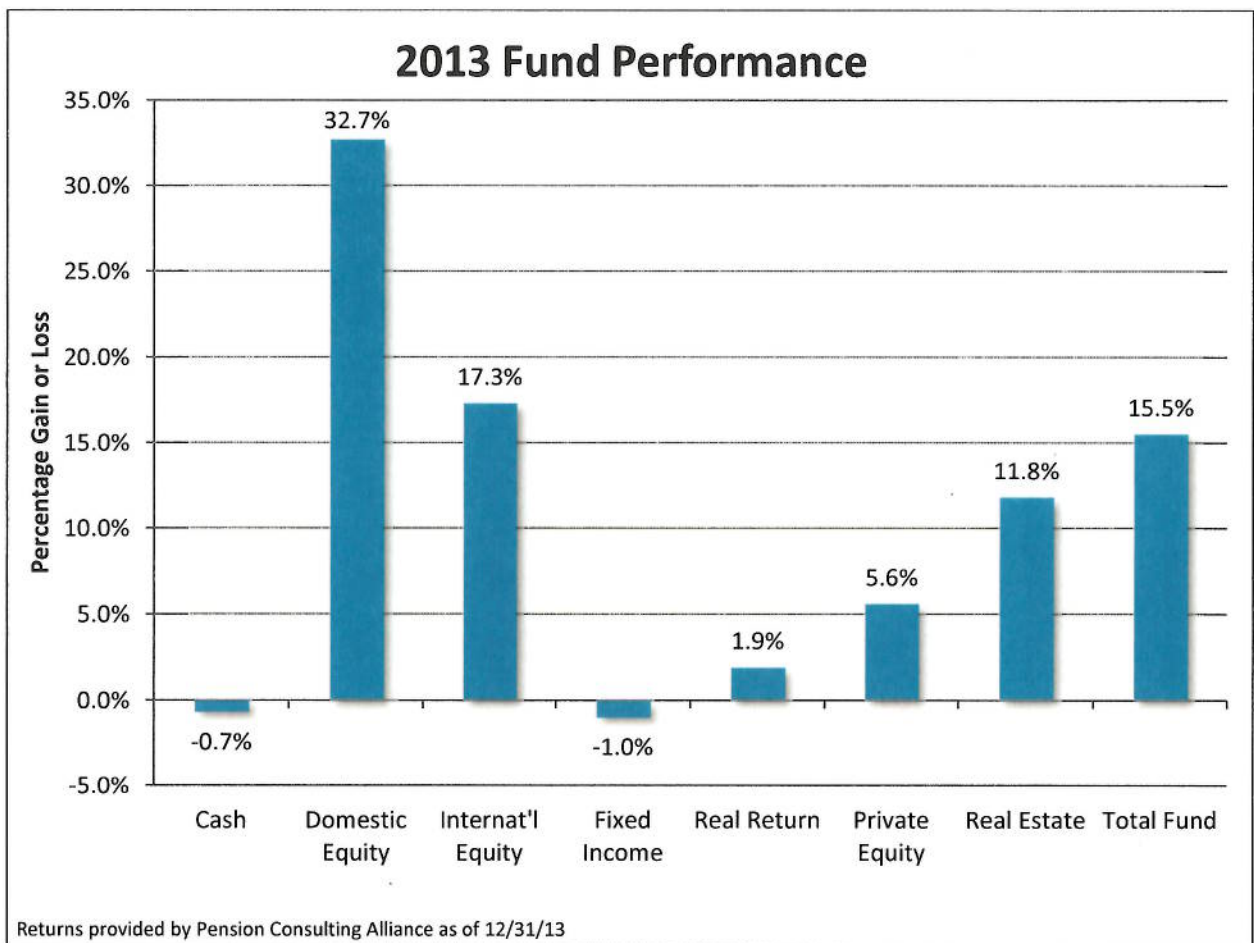
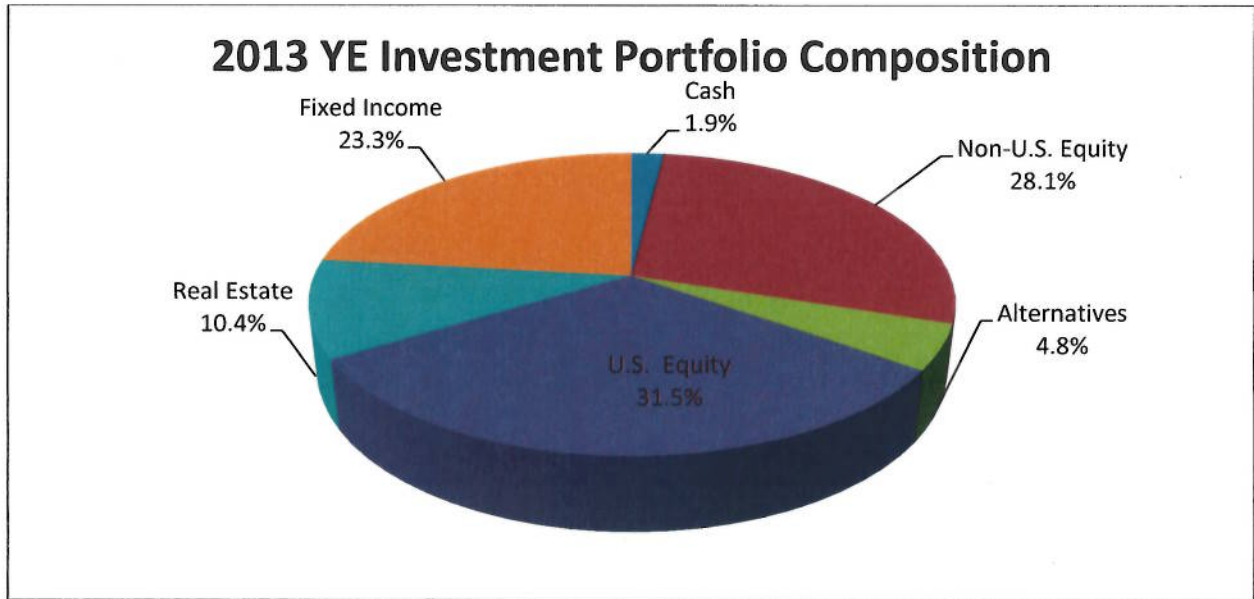
#### **Actuarial Value of Assets**

The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation.



<b>Actuarially Equivalent</b>	Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.
<b>Amortization Payment</b>	That portion of the pension plan contribution that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability or (UAAL).
<b>Entry Age Actuarial Cost Method</b>	A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.
<b>Normal Cost</b>	That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.
<b>Projected Benefits</b>	Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.
<b>Surplus Funding</b>	The excess of the Actuarial Value of Assets over the Actuarial Accrued Liability.
<b>Unaccrued Benefit</b>	The excess of an individual's Projected Benefits over the Accrued Benefits as of a specified date.
<b>Unfunded Actuarial Accrued Liability</b>	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

**STATISTICAL**





**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF REVENUES BY SOURCE**

Employee Contribution % *	Employer Contribution % **	Fiscal Year	Member Contributions	Employer Contribution	Investment Income	Miscellaneous Income	Total
8.03	7.91	1980	\$ 9,166,162	\$ 10,470,335	\$ 16,284,473	\$ 846	\$ 35,921,816
8.03	8.54	1981	11,845,089	13,309,388	18,488,195	2,311	43,644,983
8.03	8.54	1982	12,465,220	14,790,039	21,106,414		48,361,673
8.03	8.54	1983	12,926,545	14,265,554	27,224,215	5,050	54,421,364
8.03	8.91	1984	14,076,607	15,961,211	30,543,443	67	60,581,328
8.03	8.91	1985	14,399,465	16,280,464	25,317,826		55,997,755
8.03	8.91	1986	15,164,105	16,758,439	33,081,706		65,004,250
8.03	8.91	1987	16,088,280	17,799,789	46,029,652	410	79,918,131
8.03	8.91	1988	16,701,142	18,521,365	36,397,481		71,619,988
8.03	8.91	1989	17,246,117	18,983,634	41,803,863	545	78,034,159
8.03	8.91	1990	20,405,149	21,810,612	27,725,284		69,941,045
8.03	8.91	1991	21,111,940	21,458,952	37,758,671		80,329,563
8.03	8.91	1992	21,564,881	25,117,924	41,792,730		88,475,535
8.03	8.91	1993	23,473,485	26,139,925	100,705,007	***	150,318,417
8.03	8.91	1994	24,764,862	26,704,211	3,670,356		55,139,429
8.03	8.91	1995	26,069,124	27,816,819	181,470,912		235,356,855
8.03	8.91	1996	25,835,147	28,372,760	118,399,056		172,606,963
8.03	8.91	1997	25,571,634	28,310,353	143,719,597		197,601,584
8.03	8.91	1998	27,311,815	30,554,650	168,477,507		226,343,972
8.03	8.03	1999	29,201,844	29,898,474	240,904,299		300,004,617
8.03	8.03	2000	30,962,052	30,956,217	(79,832,672)		(17,914,403)
8.03	8.03	2001	32,602,859	32,667,381	(93,021,798)		(27,751,558)
8.03	8.03	2002	39,388,249	36,599,830	(116,907,340)		(40,919,261)
8.03	8.03	2003	36,243,490	34,200,693	296,239,050		366,683,233
8.03	8.03	2004	37,192,591	36,819,271	177,211,711		251,223,573
8.03	8.03	2005	35,962,449	35,897,345	139,866,897		211,726,691
8.03	8.03	2006	38,228,475	38,077,976	251,934,917		328,241,368
8.03	8.03	2007	40,533,554	40,299,506	149,708,740		230,541,800
8.03	8.03	2008	45,986,139	45,961,040	(612,803,880)		(520,856,701)
8.03	8.03	2009	46,613,886	46,650,169	198,417,995		291,682,050
8.03	8.03	2010	45,364,624	45,224,787	216,839,059		307,428,470
9.03	9.03	2011	50,415,119	50,301,263	(8,233,151)		92,483,231
10.03	11.01	2012	57,086,346	62,515,432	237,789,669		357,391,447
10.03	12.89	2013	60,342,581	77,073,667	298,149,888		435,566,136

\* Employee Contributions reflected above are representative for the overall majority of active members. There are a small percentage of active members whose employee contribution rate is "grandfathered" at a slightly lower rate.

\*\* Employer Contributions reflected as a percentage of covered payroll.

\*\*\* Beginning with 1993, the investment income reflects unrealized gains (losses) required by GASB 25.



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**SCHEDULE OF EXPENSES BY TYPE**

Year	Benefits	Refunds	Administrative & Investment	Total
1980	\$ 17,584,611	\$ 1,786,654	\$ 331,600	\$ 19,702,865
1981	19,114,992	2,074,078	419,568	21,608,638
1982	21,358,214	2,151,528	458,261	23,968,003
1983	23,029,611	2,086,102	538,059	25,653,772
1984	25,175,469	3,366,999	737,445	29,279,913
1985	27,090,615	2,753,418	1,076,324	30,920,357
1986	28,777,844	3,212,415	1,340,874	33,331,133
1987	30,499,027	3,141,868	1,494,189	35,135,084
1988	32,093,902	3,293,088	1,408,946	36,795,936
1989	34,121,917	3,257,432	1,538,544	38,917,893
1990	36,431,265	3,592,483	1,636,911	41,660,659
1991	37,862,028	3,731,762	1,870,922	43,464,712
1992	38,884,790	3,585,672	2,109,340	44,579,802
1993	40,131,325	2,944,003	2,525,620	45,600,948
1994	42,420,358	3,412,882	2,639,538	48,472,778
1995	44,352,180	3,874,980	7,217,337	55,444,497
1996	46,257,605	3,888,043	7,989,200	58,134,848
1997	50,349,474	5,463,464	11,875,158	67,688,096
1998	56,247,811	7,502,444	12,145,939	75,896,194
1999	58,704,086	9,730,803	10,447,151	78,882,040
2000	62,844,355	11,641,902	10,634,557	85,120,814
2001	65,553,605	8,785,879	7,293,821	81,633,305
2002	68,825,558	12,019,852	7,250,214	88,095,624
2003	73,559,728	13,218,137	7,081,030	93,858,895
2004	77,289,288	9,791,692	7,188,848	94,269,828
2005	82,268,449	10,385,215	11,773,914	104,427,578
2006	87,583,509	10,553,067	10,715,425	108,852,001
2007	98,391,533	11,525,660	12,380,123	122,297,316
2008	102,703,230	10,223,415	8,188,287	121,114,932
2009	108,138,820	9,742,692	5,929,667	123,811,179
2010	113,650,795	14,715,000	11,605,536	139,971,331
2011	124,061,630	16,677,022	10,974,855	151,713,507
2012	134,135,553	14,913,574	10,431,260	159,480,387
2013	141,424,206	15,278,136	13,466,311	170,168,653

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**BENEFIT EXPENSE BY TYPE**  
**Twenty Years Ending December 31, 2013**

Year	Age & Service Retirants	Benefits Survivors	Disability Retirants Benefits	Death Benefit	Refunds	Total
1994	37,177,394	4,240,343	654,621	348,000	3,412,882	45,833,240
1995	38,909,838	4,469,103	645,239	328,000	3,874,980	48,227,160
1996	40,783,384	4,530,161	618,060	326,000	3,888,043	50,145,648
1997	44,350,246	4,996,325	612,903	390,000	5,463,464	55,812,938
1998	48,684,577	6,500,622	714,624	347,988	7,502,444	63,750,255
1999	50,902,672	6,821,887	698,527	281,000	9,730,803	68,434,889
2000	54,518,311	7,260,855	714,799	350,390	11,641,902	74,486,257
2001	57,122,024	7,486,988	672,593	272,000	8,785,879	74,339,484
2002	59,991,882	7,821,555	686,121	326,000	12,019,852	80,845,410
2003	64,301,813	8,215,109	714,806	328,000	13,218,137	86,777,865
2004	67,794,624	8,486,860	711,804	296,000	9,791,692	87,080,980
2005	72,390,702	8,754,471	785,276	338,000	10,351,215	92,653,664
2006	77,320,260	9,180,292	814,957	268,000	10,553,067	98,136,576
2007	87,019,040	10,230,265	864,228	278,000	11,525,660	109,917,193
2008	91,265,085	10,282,919	885,227	270,000	10,223,415	112,926,645
2009	95,951,625	11,022,403	886,684	278,108	9,742,692	117,881,512
2010	101,965,821	10,526,966	918,009	240,000	14,714,999	128,365,795
2011	112,072,113	10,804,171	919,345	266,000	16,677,022	140,738,651
2012	122,076,194	10,904,912	924,447	230,000	14,913,574	149,049,127
2013	129,360,508	10,845,604	914,094	304,000	15,278,136	156,702,342



**REVENUE RATIOS BY SOURCE**  
**1973 Through 2013**

Year	Member Contributions %	Employer Contributions %	Investment Income %	Total Revenue %
1973	26	32	42	100
1974	26	31	43	100
1975	26	31	43	100
1976	26	31	43	100
1977	25	29	46	100
1978	25	29	46	100
1979	27	30	43	100
1980	26	29	45	100
1981	27	31	42	100
1982	25	31	44	100
1983	24	26	50	100
1984	23	26	51	100
1985	26	29	45	100
1986	24	26	50	100
1987	20	22	58	100
1988	23	26	51	100
1989	22	24	54	100
1990	29	31	40	100
1991	26	27	47	100
1992	25	28	47	100
1993 *	16	17	67	100
1994 *	45	48	7	100
1995 **	11	12	77	100
1996 **	15	16	69	100
1997	13	14	73	100
1998	12	14	74	100
1999	10	10	80	100
2000			<i>Net Loss</i>	
2001			<i>Net Loss</i>	
2002			<i>Net Loss</i>	
2003	10	9	81	100
2004	15	15	70	100
2005	17	17	66	100
2006	12	12	76	100
2007	18	18	64	100
2008			<i>Net Loss</i>	
2009	16	16	68	100
2010	15	15	70	100
2011			<i>Net Loss</i>	100
2012	16	17	67	100
2013	14	18	68	100

\* Beginning with 1993, the investment income reflects unrealized gains (losses) required by GASB 25.

\*\* Beginning with 1996 (and 1995 has been restated) investment income includes the gross income from Securities Lending as required by GASB 28.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**SCHEDULE OF INVESTMENT RESULTS**  
**Ten Years Ending December 31, 2013**

Year	Investment Income *	Investments Market Value	Securities Lending Collateral	Return on Market Value
2004	177,211,711	1,664,178,577	239,087,447	11.5%
2005	139,866,897	1,777,219,827	122,862,720	8.1%
2006	251,934,917	1,986,714,717	145,097,240	13.9%
2007	149,708,740	2,106,345,982	103,323,467	7.3%
2008	(612,803,880)	1,467,556,416	69,838,616	(26.8)%
2009	198,417,995	1,635,993,047	36,491,886	10.8%
2010	216,839,059	1,809,331,365	33,896,148	13.2%
2011	(8,233,150)	1,750,742,911	3,489,721	(0.0)%
2012	237,789,669	1,944,976,344	10,154,781	14.0%
2013	298,149,888	2,213,014,808	13,595,048	15.5%

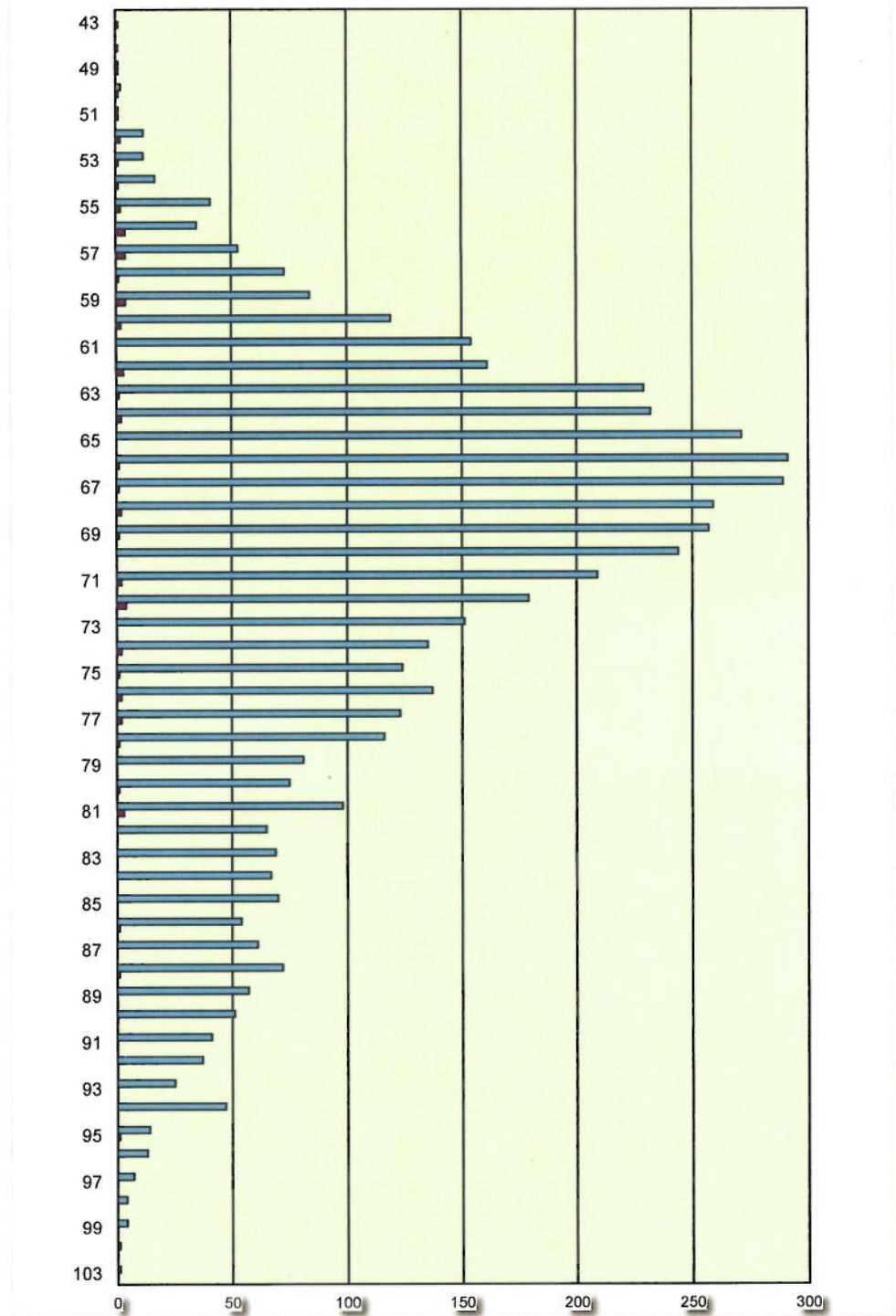
\* Investment Income includes market gains and losses, and gross income from Securities Lending.

*Note* – Investment Market Value for 2012 has been re-stated to reflect the statement of Plan Net Position included in SCERS' 2013 audited Financial Statement.



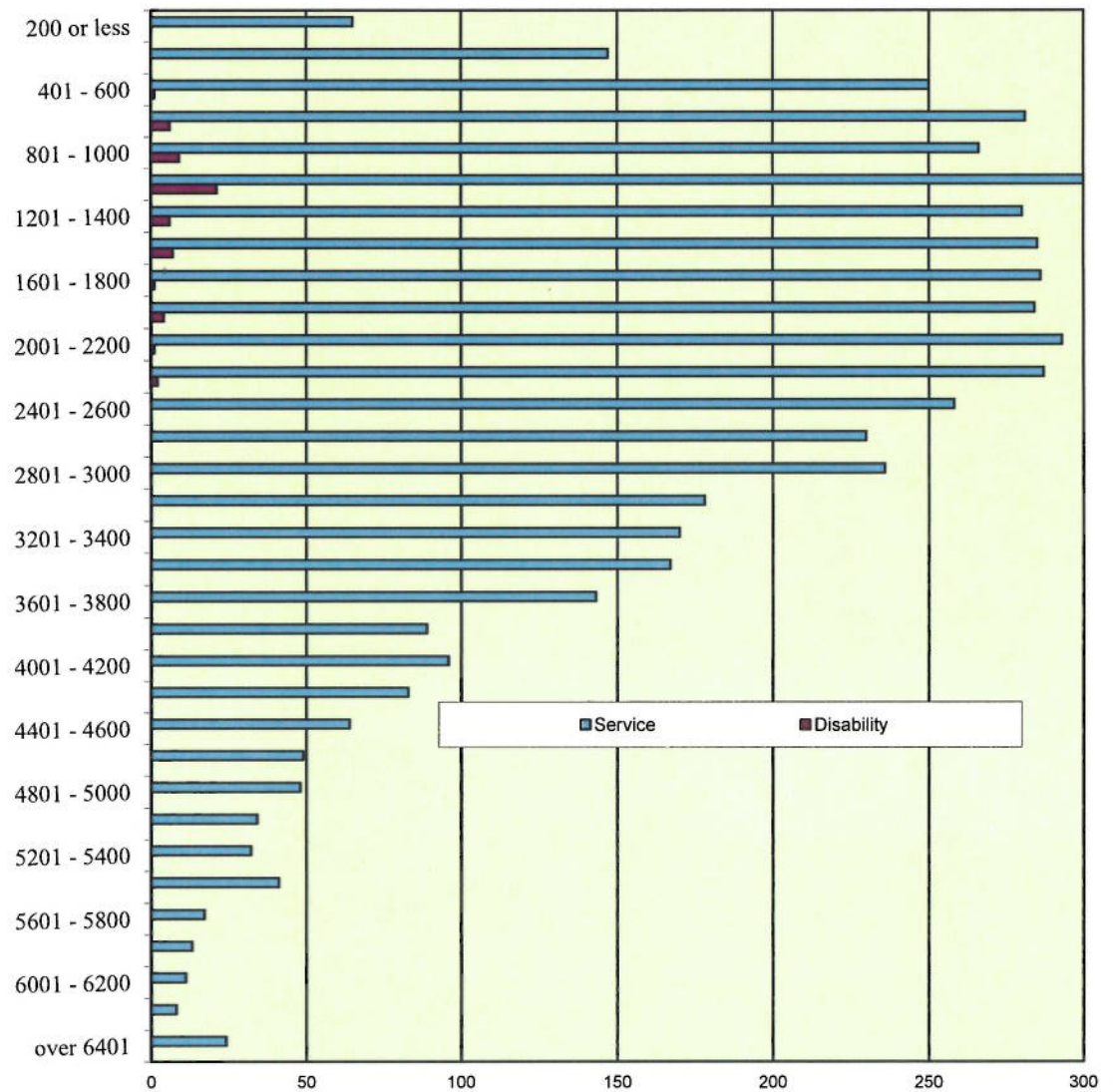
**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE AND DISABILITY PENSIONERS BY AGE  
As of December 31, 2013**

Current Age	Service	Disability
43		1
45		1
49	1	1
50	2	1
51	1	1
52	12	2
53	12	1
54	17	1
55	41	2
56	35	4
57	53	4
58	73	1
59	84	4
60	119	2
61	154	
62	161	3
63	229	1
64	232	2
65	271	
66	291	1
67	289	1
68	259	2
69	257	1
70	244	
71	209	2
72	179	4
73	151	
74	135	2
75	124	1
76	137	2
77	123	2
78	116	1
79	81	
80	75	1
81	98	3
82	65	
83	69	
84	67	
85	70	
86	54	1
87	61	
88	72	1
89	57	
90	51	
91	41	
92	37	
93	25	
94	47	
95	14	1
96	13	
97	7	
98	4	
99	4	
102	1	
103	1	
	<b>5,025</b>	<b>58</b>



### SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM RETIREMENT ALLOWANCE DISTRIBUTION As of December 31, 2013

\$	\$	Service	Disability
200	or less	65	
201	- 400	147	
401	- 600	250	1
601	- 800	281	6
801	- 1000	266	9
1001	- 1200	310	21
1201	- 1400	280	6
1401	- 1600	285	7
1601	- 1800	286	1
1801	- 2000	284	4
2001	- 2200	293	1
2201	- 2400	287	2
2401	- 2600	258	
2601	- 2800	230	
2801	- 3000	236	
3001	- 3200	178	
3201	- 3400	170	
3401	- 3600	167	
3601	- 3800	143	
3801	- 4000	89	
4001	- 4200	96	
4201	- 4400	83	
4401	- 4600	64	
4601	- 4800	49	
4801	- 5000	48	
5001	- 5200	34	
5201	- 5400	32	
5401	- 5600	41	
5601	- 5800	17	
5801	- 6000	13	
6001	- 6200	11	
6201	- 6400	8	
over	6401	24	
		<b>5,025</b>	<b>58</b>





**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
ACTIVE MEMBERSHIP EXPERIENCE  
For the Last Thirty Years**

Year	Members at End of Period	New Members During Period	Withdrawals During Period	Re-entering & Re-depositing	Deaths During Period	Pensions Granted During Period
1984	6,710	531	522	57	16	210
1985	6,946	628	244	72	11	209
1986	7,020	570	382	77	11	180
1987	7,196	622	312	72	16	190
1988	7,252	542	361	45	10	160
1989	7,544	672	251	51	12	168
1990	7,813	872	454	45	12	182
1991	8,037	681	354	43	13	133
1992	8,171	463	220	32	17	124
1993	8,317	537	279	39	15	136
1994	8,553	512	201	133	16	192
1995	8,741	477	284	136	12	153
1996	8,584	339	270	13	12	227
1997	8,572	435	287	36	18	178
1998	8,743	557	236	29	9	170
1999	9,576	1,289	238	14	17	215
2000	9,836	876	393	17	13	227
2001	10,111	706	241	25	18	197
2002	9,737	426	503	16	12	301
2003	9,964	628	202	5	14	190
2004	10,222	636	123	4	8	251
2005	10,387	635	212	3	11	247
2006	10,493	710	325	15	16	278
2007	10,892	948	292	37	8	286
2008	10,831	833	340	83	9	187
2009	11,077	347	313	122	16	221
2010	10,597	273	397	17	15	355
2011	10,477	317	239	16	12	321
2012	10,075	405	219	15	9	351
2013	10,627	786	235	28	12	331



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
COMPARATIVE STATEMENT OF EXPERIENCE OF SERVICE AND DISABILITY RETIREMENT PAYROLLS  
From Inception in 1929, Through 2013**

Figures Quoted as of the End of Each Fiscal Period

	Number Retired During Period		Number Deceased During Period		Pensions Discontinued			Benefit Cont' to Beneficiary Service		Number on Payroll at End of Period	
	Service	Sec. 19-b	Service	Disability	Service	Beneficiary	Disability	Service	Beneficiary	Service	Disability
1929 - 1979 Inclusive	5,789	398	2,982	918	3	298	84	483	556	2,726	245
December 31, 1980	220	14	101	8		19		35	616	2,970	233
December 31, 1981	223	7	94	7		25		33	631	3,099	225
December 31, 1982	254	12	120	5		38		41	646	3,233	207
December 31, 1983	248	12	137	5		29		55	684	3,344	202
December 31, 1984	206	9	135	4		28		51	716	3,415	192
December 31, 1985	202	4	115	7		19	1	48	743	3,505	183
December 31, 1986	175	10	140	4		13		20	760	3,540	178
December 31, 1987	184	6	132	7		6		16	776	3,592	169
December 31, 1988	158	2	120	3		25		37	790	3,627	163
December 31, 1989	163	8	141	5		5		43	780	3,660	154
December 31, 1990	181	10	128	1		7		44	827	3,695	140
December 31, 1991	129		158	4		31		70	866	3,665	132
December 31, 1992	121		161	3		32		50	884	3,625	131
December 31, 1993	133	6	157	3		42		45	894	3,601	127
December 31, 1994	181	10	159	1		53		55	922	3,608	117
December 31, 1995	148	5	162	2		54		38	914	3,591	114
December 31, 1996	225	3	173	1		44		49	907	3,659	106
December 31, 1997	170	9	186	1		75		69	931	3,622	98
December 31, 1998	166	2	170	2	1	45		51	942	3,614	91
December 31, 1999	208	5	167	2		67		51	931	3,662	88
December 31, 2000	222	4	142	1		46		43	933	3,699	84
December 31, 2001	192	4	152	1		53		33	924	3,733	76
December 31, 2002	290	5	170	6		49		48	945	3,836	77
December 31, 2003	189	6	163	1		67		57	945	3,858	73
December 31, 2004	243	2	172	6		61		39	930	3,924	73
December 31, 2005	235	6	164	6		66		70	942	3,993	76
December 31, 2006	270	6	151	2		72		33	908	4,113	72
December 31, 2007	277	6	155	2		70		59	897	4,231	72
December 31, 2008	192	5	158	1		72		51	875	4,295	77
December 31, 2009	221	16	144	1		60		47	885	4,345	75
December 31, 2010	355	5	159	0		68		41	808	4,546	74
December 31, 2011	321	4	136	1		76		50	802	4,712	66
December 31, 2012	351	6	155	2		66		36	779	4,844	62
December 31, 2013	328	1	214	7	4	12		53	758	5,025	58
								<b>2013 Grand Total</b>			<b>5,841</b>



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**EXPERIENCE IN MISCELLANEOUS AVERAGES**  
**For the Last Thirty Years**

	AVERAGE SERVICE RETIREMENT ALLOWANCE	AVERAGE AGE OF SERVICE PENSIONERS	AVERAGE DISABILITY RETIREMENT ALLOWANCE	AVERAGE AGE OF DISABILITY PENSIONERS	ACTIVE MEMBERS DECEASED	
					# OF DEATHS	AVERAGE AGE
1984	530.44	69.97	281.36	66.29	16	51.28
1985	556.72	70.26	290.71	66.22	11	53.66
1986	582.18	70.57	296.27	66.70	11	48.18
1987	608.43	70.80	314.43	66.60	16	49.13
1988	655.62	70.02	357.61	66.40	14	49.93
1989	664.36	71.45	343.74	66.53	12	49.17
1990	697.54	71.72	352.75	65.88	12	47.67
1991	757.07	72.19	378.41	66.61	13	57.77
1992	749.31	72.44	366.23	66.30	17	50.94
1993	775.72	73.42	394.13	67.80	15	53.00
1994	811.55	73.28	407.60	67.52	16	55.00
1995	850.50	73.45	431.19	67.78	12	53.67
1996	904.11	73.43	423.86	68.88	12	44.92
1997	961.30	73.29	448.15	68.12	18	54.72
1998 *	1,063.66	73.30	594.09	68.13	9	56.11
1999	1,114.34	73.10	609.19	68.25	17	55.24
2000	1,167.60	72.88	622.66	68.69	13	50.77
2001	1,222.42	72.70	654.53	67.84	18	51.39
2002	1,289.77	72.16	703.83	67.25	12	54.33
2003	1,338.49	72.14	734.85	66.78	14	53.14
2004	1,404.86	71.93	788.94	65.40	8	50.62
2005	1,477.58	71.78	827.46	65.15	11	53.18
2006	1,552.57	71.53	877.96	64.75	16	51.94
2007	1,768.13	71.42	1,010.15	65.53	8	53.13
2008	1,822.44	71.92	1,038.93	65.49	9	52.33
2009	1,873.39	71.51	1,077.33	64.15	16	58.00
2010	1,965.36	71.32	1,110.10	65.84	15	55.73
2011	2,043.56	71.29	1,144.88	65.61	12	54.00
2012	2,152.85	71.21	1,203.52	66.08	9	57.67
2013	2,206.86	71.60	1,220.27	65.97	12	59.90

\* Beginning in 1998 the average retirement allowance numbers include the monthly COLA amounts.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF AVERAGE BENEFIT PAYMENTS**

Retirement Effective Dates	Years Credited Service					
	<u>0-10</u>	<u>11-15</u>	<u>16-20</u>	<u>21-25</u>	<u>26-30</u>	<u>31 +</u>
<b><u>Jan. 1, 2004 to Dec. 31, 2013</u></b>						
Period 1/1/04 to 12/31/04						
Average Monthly Benefit	\$ 613.97	1,056.92	1,449.54	1,773.54	2,480.00	2,812.38
Average Final Salary	\$ 4,393.80	4,349.56	4,737.24	4,405.97	5,210.92	5,259.10
Number of Active Retirees	27	21	39	46	76	42
Period 1/1/05 to 12/31/05						
Average Monthly Benefit	\$ 674.26	1,137.59	1,706.94	2,270.53	2,653.34	2,807.79
Average Final Salary	\$ 4,928.96	4,733.59	4,915.39	5,423.36	5,164.89	4,973.41
Number of Active Retirees	30	27	33	55	65	37
Period 1/1/06 to 12/31/06						
Average Monthly Benefit	\$ 656.56	1,124.37	1,662.58	2,196.45	2,831.74	3,053.19
Average Final Salary	\$ 4,902.33	4,671.23	4,823.60	5,170.19	5,313.48	5,472.54
Number of Active Retirees	37	42	38	50	55	56
Period 1/1/07 to 12/31/07						
Average Monthly Benefit	\$ 658.92	1,406.25	1,650.87	2,132.89	2,814.90	3,129.50
Average Final Salary	\$ 5,017.90	5,992.08	4,865.08	5,096.68	5,414.43	5,412.96
Number of Active Retirees	53	36	37	54	61	44
Period 1/1/08 to 12/31/08						
Average Monthly Benefit	\$ 693.96	1,307.50	1,683.04	2,237.23	3,032.86	3,467.66
Average Final Salary	\$ 5,616.72	5,133.11	5,029.50	5,470.66	5,896.14	5,682.79
Number of Active Retirees	25	18	20	37	41	46
Period 1/1/09 to 12/31/09						
Average Monthly Benefit	\$ 725.01	1,200.14	1,633.91	2,191.40	2,895.97	3,517.60
Average Final Salary	\$ 6,221.46	5,346.25	5,391.47	5,637.85	5,937.71	6,298.57
Number of Active Retirees	35	36	26	34	33	57

<b>Retirement Effective Dates</b>	<b>Years Credited Service</b>					
	<b><u>0-10</u></b>	<b><u>11-15</u></b>	<b><u>16-20</u></b>	<b><u>21-25</u></b>	<b><u>26-30</u></b>	<b><u>31 +</u></b>
<b><u>Jan. 1, 2004 to Dec. 31, 2013</u></b>						
Period 1/1/10 to 12/31/10						
Average Monthly Benefit	\$ 743.52	1,230.93	1,819.18	2,553.58	3,152.03	3,738.60
Average Final Salary	\$ 4,657.13	5,098.76	5,424.67	6,829.01	6,418.87	6,161.06
Number of Active Retirees	35	32	59	57	90	82
Period 1/1/11 to 12/31/11						
Average Monthly Benefit	\$ 770.06	1,387.07	1,986.83	2,439.29	3,370.92	3,912.57
Average Final Salary	\$ 5,937.02	5,547.89	6,190.33	6,320.57	6,492.13	6,399.97
Number of Active Retirees	41	39	31	64	58	90
Period 1/1/12 to 12/31/12						
Average Monthly Benefit	\$ 846.84	1,988.33	2,004.20	2,942.30	3,331.36	3,859.10
Average Final Salary	\$ 5,698.96	6,197.59	5,938.01	6,511.90	6,562.86	6,479.21
Number of Active Retirees	59	36	45	57	74	80
Period 1/1/13 to 12/31/13						
Average Monthly Benefit	\$ 956.90	1,698.31	2,270.52	2,859.90	3,432.76	4,014.78
Average Final Salary	\$ 5,910.57	6,526.74	6,126.15	6,900.96	6,775.70	6,667.11
Number of Active Retirees	45	43	34	58	63	85
<b>Period 1/1/04 to 12/31/13</b>						
Average Monthly Benefit	\$ 734.00	1,353.74	1,786.76	2,359.71	2,999.59	3,431.32
Average Final Salary	\$ 5,328.49	5,359.68	5,344.14	5,776.72	5,918.71	5,880.67
Average Number of Retirees	39	33	36	51	62	62

**NEW MEMBERS IN THE RETIREMENT SYSTEM IN 2013  
BY DEPARTMENT**

Department Name	Count
Arts and Cultural Affairs	3
City Auditor	1
City Budget Office	6
City Employees Retirement Syst	3
City Light	148
Department of Planning & Dev	35
Dept of Finance & Admn Svc	55
Executive Departments	15
Fire Department	6
Human Services	32
Information Technology Dept	14
Law Department	13
Legislative-City Council	7
Municipal Court	19
Neighborhoods Department	6
Parks Department	70
Personnel Department	4
Personnel-Temporary Emp Svcs	7
Police Department	53
Seattle Center	22
Seattle Dept of Transportation	70
Seattle Public Library	78
Seattle Public Utilities	119
<b>Total</b>	<b>786</b>

**RETURNING MEMBERS IN THE RETIREMENT SYSTEM IN 2013  
BY DEPARTMENT**

REDEPOSITING	#
City Light	1
Human Services	1
Fire Department	1
Legislative	1
Seattle Public Library	1
Parks	2
Planning and Development	1
<b>Total</b>	<b>8</b>

RE-ENTERING	#
City Light	3
Information Technology	1
Municipal Courts	1
Parks	5
Planning and Development	1
Police Department	3
Seattle Center	1
Seattle Public Utilities	4
Seattle Dept of Transportation	1
<b>Total</b>	<b>20</b>



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2013**

Retiree	Dept name	Position	Yrs	Days	Age
Ablang,Nenita G	DCLU	Acct Tech III-BU	14	100	57
Allen Jr.,William G	Personnel	Vested	9	6	62
Allman,Rita	PublicUtil	Admin Staff Asst	12	359	58
Almachar,Richard M	Vested	Vested	40	9	67
Anderson,David L	City Light	Capital Projects Coord Sr	15	92	61
Anderson,John C	Police	Warehouser,Chief	31	25	58
Anderson,Kathleen S	SDOT	Transport Plnr,Sr	23	117	66
Antonio,Efren U	City Light	Elec Engr Assoc	33	317	64
Arnold,Georgiana	Human Services	Manager I	13	64	68
Baca,Veronica L	PublicUtil	Strat Advsr 2	24	280	55
Bachen,Bruce A	SPU	Executive 2	14	73	62
Bachmann,Rosemary	SDOT	Signal Electn Crew Chief	27	33	63
Baer,Daniel L	Office of Housing	Manager 2	30	164	53
Bail,Kevin D	Human Services	Human Svcs Prgm Supv Sr	7	257	64
Ballesteros,Richard A	Vested	Vested	37	75	60
Balok,Linda L	City Light	Actg Tech II	27	171	62
Barnes,Curtis	Parks Dept	Constr&Repair CC	21	339	70
Barton,Carolyn	Fire	Admin Staff Asst	20	114	60
Beach III,Elmer J	SDOT	Constr&Maint Equip Op	35	263	61
Beckwith,Robert L	City Light	Vested	15	178	58
Belcher,Glenda L	Police	Accountant Sr	20	2	58
Bell,Deborah E	City Light	Actg Tech III -BU	17	231	60
Berg,Mark A	City Light	Maint Lead Wkr	27	318	63
Betts,James A	Human Svcs	Grants & Contracts Spec, Sr	32	122	63
Beyers,Mary K	Parks	Maint Laborer	28	357	55
Biggs,Susan I	City Light	Info Tech Spec	28	276	65
Bir,Charles O	DPD	Elevator Inspector Chief	8	242	65
Blake,J Paul	SPU	Executive 2	6	219	63
Briggs,Cherlyn L	DPD	Admin Spec II	13	347	65
Brooks,Sandra M	Parks	Admin Spec III	24	151	63
Brown,Marsha K	City Light	Exec Asst	10	127	63
Brunkel,Aleta G	Human Services	Counslr	32	285	66
Budman,Alan	Vested	Vested	19	241	57
Burch,Michael W	Library	Gardener	29	19	67
Burke,Martha L	SPU	Strat Advr 2	22	219	65
Calvert,David M	Parks Dept	Vested	12	207	64
Carlson,Judith A	Finance	Cust Serv Rep	19	121	65
Carmichael,Douglas A	City Light	Pwr Marketer	38	231	64
Carter,Esther J	Library	Library Assoc II	14	254	61
Carter,Ralph J	Parks Dept	Maint Laborer	21	85	58
Chan,Yvonne M	Finance	Personnel Spec Sr	23	320	61
Chapin,David M	PublicUtil	Envrnmntl Anlyst Sr	12	124	63
Charleston,Patricia A	Parks Dept	Vested	15	270	57
Chavez,Sheila G	DCLU	Accountant Sr	26	7	66
Church,Christopher J	PublicUtil	Vested	19	350	58
Claeys,Katherine M	SDOT	Strat Advsr 3	28	306	54
Clemente Jr,Cesar Y	Parks	Truck Driver	34	13	59
Colburn,Gary W	City Light	Elect Pwr Sys Engr Prin	28	362	55
Conner,Linda E	Municipal Courts	Admin Spec II	26	180	65

Retiree	Dept name	Position	Yrs	Days	Age
Connolly,Theresa L	Library	Vested	14	176	59
Conrad,Lindy L	City Light	Pwr Marketer	14	135	62
Cook,Dennis A	Parks	Manager 1	32	334	57
Coryell,Carol L	SDOT	Civil Engr, Assoc	22	160	67
Couples,Joseph J	SDOT	Civil Engr Sr	27	62	52
Crane,Garry M	City Light	Economist Prin	30	94	73
Crook,Brent L	Vested	Vested	9	48	62
Cruz,Arlin L	SDOT	Signal Electn V	28	6	60
Culver,Carla J	SPU	Civil Engr Spec,Sr	26	257	66
Cunningham,John H	City Light	Lnwkr	12	187	67
Cunningham,Rosemary	Human Services	Strat Advr 2	22	183	60
Cutshall,Mary J	Human Svcs	Counslr	12	327	65
Dalton,Gloria	Vested	Vested	19	60	57
Dao,Emilie N	Vested	Vested	15	304	57
Darboe,Shakur	City Light	Admin Spec II	28	120	63
Darling,Lisa A	City Light	Meter Reader	33	351	61
Davis,Penny L	Human Svcs	Vested - Dual	16	52	66
DeLeon,Diana	DoIT	Info Tech Sys Anlyst	30	0	50
Dethloff,Caroline Y	City Light	Manager 3, Utils-BU	32	2	62
D'Eugenio,Betty J	Library	Library Assoc II	23	134	67
Devereaux,Cynthia R	DCLU	Permit Spec II	25	86	54
Dietemann,Allan J	SPU	Strat Advr I	25	217	64
DiGiorgio,Lisa F	VarDept	Program Manager	28	355	55
Dilley Jr,Forrest	SPU	Info Tech Prof B -BU	17	198	62
Douglas,Tim A	Finance	Licenses & Standard Inspector	39	277	62
Dreyer,Nicholas D	City Light	Enrgy Res&Eval Anlyst	23	2	57
Ducey,Colleen M	Parks	Admin Spec III	20	332	65
Duryea,Licia	Vested	Vested	7	265	68
Edgecombe,Melinda J	FAS	Warehouser,Sr -BU	24	66	62
Ellinger Jr,Daniel J	SPU	Civil Eng Spec Sr	22	210	70
Elmelund,William C	VarDept	Vested	15	47	63
Ely,Ramon A	City Light	Manager 3	20	2	63
Emerson,Frank A	Personnel	Strat Advr I	38	95	65
Eng,Nancy M	City Light	Info Tech Prof B	35	34	63
Erickson,Neal J	Seattle Center	Admin Staff Anlyst	25	327	61
Erickson,Trisha A	SPU	Manager 2	21	132	54
Ernsdorff,James M	Vested	Vested	12	328	65
Everitt,Paul R	FAS	Licenses & Standards Inspector	30	11	65
Ezenwoye,Sebastian	PublicUtil	Civil Engr, Assoc	29	47	65
Feist,Jack	City Light	Line CCC	35	266	61
Fenker,Christine L	Vested	Vested	3	290	57
Finlayson,Gary W	SDOT	Civil Engr, Assoc	27	157	66
Finney,Glenna R	City Light	Strat Advr 2	25	125	50
Firth,Christine D	Library	Librarian	33	233	63
Flemings,Joanne M	Vested	Vested	14	60	57
Fors,Robert A	Municipal Courts	Prob Counslr II	11	13	67
Franco,Jack L	Parks	Laborer	9	180	69
Freeman,Denise K	Vested	Vested	18	302	58
Gallagher,Raymond E	SDOT	Heavy Truck Driver	30	70	55
Gallow,Lynda A	City Light	Admin Spec II-BU	28	45	65
Gansz,Jeff	Vested	Vested	32	200	52
Garrett,Robin B	Vested	Vested	23	33	52
Gaukel,Kathleen A	K.C. Health	Nurse Prac	27	1	64



Retiree	Dept name	Position	Yrs	Days	Age
Glenn,Jane M	PublicUtil	Warehouser, Sr -BU	28	131	52
Glover,LaVerne	City Light	Acct Tech II - BU	30	83	64
Goodman,Jack E	SPU	Wtrwrks Maint Supv	27	258	71
Grotle,Del E	City Light	Elctn-Con	6	251	66
Gruber,Henry T	Municipal Courts	Muni Court Marshal	9	38	71
Hahn,Cathy C	SPU	Info Tech Prof A	11	132	61
Haigh,David M	Office of Housing	Fin Anlyst Supv	23	16	60
Halgren,Mitchell V	Fire	Auto Engr Sr	25	24	64
Hall,Donna L	City Light	Elctn Con OI	27	73	63
Halley,Robert M	Vested	Vested	8	26	67
Hardgrove,David L	City Light	Mat Suplr	31	262	61
Hardie,Berle E	City Light	Labor Relations Coord	29	25	64
Harris,Craig L	Vested	Vested	7	256	62
Harris,Rhonda Y	Law	Victim Advocate	37	186	61
Harvey,Warrenette R	SPU	Util Acct Rep I	24	136	64
Haven,Douglas M	City Light	Line C CC	34	172	65
Hawthorne,Lisa	Finance	Remittance Processing	25	238	52
Hayasaka,David K	VarDept	Vested	5	107	55
Heath,Roger C	Vested	Vested	1	14	61
Heitman,Janice L	SPU	Truck Drvr Heavy	30	60	59
Henderson,Janet N	Vested	Vested	8	287	62
Henderson,Robert J	City Light	Safety & Health Spec Sr	12	71	68
Hill,Cherrese E	City Light	Cust Svc Rep	27	336	57
Hogan,Kathleen C	Police	Personnel Spec Sr	28	168	62
Hooks,Jeffrey P	PublicUtil	Vested	23	224	60
Hurford,Joyce A	Vested	Vested	9	54	63
Huss,Steven L	Vested	Vested	13	132	58
Irigon,Felicita F	Human Svcs	Counslr	19	79	64
Jackson,Denice V	City Light	Personnel Spec Asst	5	28	65
Jackson,Samuel	Library	Librn	24	60	66
Jacky,Lee D	Parks	Civil Engr Spec Sr	29	359	60
James,Maxcine E	City Light	Actg Tech II	25	20	66
Jennings,Linda L	Police	Admin Spec II	9	95	69
Jensen,David A	Parks Dept	Vested	8	252	62
Johnson,Patricia J	Vested	Vested	18	28	66
Jones,David	SDOT	Sr Asphalt Raker	28	50	61
Joyner,Robert	SDOT	Civil Engr Supv	12	20	70
Justice,Eileen	Parks	Rec Attendent	11	210	84
Kader,Ghazy M	City Light	Actg Tech II	26	351	77
Kakida,Terry J	SPU	Manager 3	27	269	59
Kaya,Robert I	Vested	Vested	13	307	65
Keen,Beverly S	City Light	Lnwkr	24	227	65
Keen,Harrison D	City Light	Lnwkr	24	227	69
Kegley,Melinda S	Police	Police Comm Dispatch I	18	37	61
Kemper,Brian K	SDOT	Manager 3	32	235	56
Kenyon,K Suzanne	Human Services	Counslr	8	46	61
King,Sharon A	SPU	Manager 2	27	275	57
Kirk,Margaret Y	City Light	Elect Pwr Sys Engr, Prin	4	362	60
Kitchin,Glen J	Vested	Vested	7	355	66
Krouse,Roberta L	Police	Admin Spec I -BU	32	225	70
Kwong,Lin F	Parks Dept	Custodian	24	305	62
Lamsma,Frank C	Seattle Center	Gardener	26	293	65
Leach,Ellen L	Parks Dept	Vested	18	231	65

Retiree	Dept name	Position	Yrs	Days	Age
Lebens,Karen A	City Light	Hydro Elect Op II	14	88	69
Lee-Williams,Stephanie M	City Light	Cblspl CC	34	66	55
Leifer,Benjamin H	Vested	Vested	20	11	60
LeMier,Richard E	Parks Dept	Maint Laborer	40	7	65
Lennon,Wayne W	FAS	Complaint Investigator	24	229	71
Leung,Waitran L	PublicUtil	Manager 2	32	163	58
Lewis,Linda L	Law Dept	Victim Advocate	28	249	65
Lindsey,David R	PublicUtil	Util Acct Rep I	5	351	67
Little-Strong,Beverly	City Light	Engry Mgmt Anlyst,Sr	31	300	60
Lodge,Diane L	SPU	Solid Wst Fld Rep II	34	351	63
Louie,Steven K	NeighbDept	Neighb District Coord	24	23	58
Lowe,Sharon P	Finance	Info Tech Prof B -BU	35	217	66
Lundquist,Kari L	City Light	Elctn Con	28	54	52
Lundquist,Patrice M	Vested	Vested	20	220	58
Lyons,Elizabeth A	Vested	Vested	13	251	57
Main,Carla J	SDOT	Vested	19	53	60
Marchand,Reginald P	City Light	Meter Electn	23	36	61
Mattson,Robert	NeighbDept	Neighb District Coord	41	289	64
McClintock,Steve T	City Light	Warehouse, Chief	29	26	61
McCoy,Patrick D	SPU	Wtr Lab Tech	36	127	76
McDaniel,Sharon F	Human Svcs	Counslr	13	146	69
McDonald,Sean J	SPU	Strat Advr 3	31	102	63
McKechnie,Roberta	SDOT	Vested	13	289	61
McLean,Dean S	City Light	Civil Engr Supv	32	232	66
McMillan,Denise N	Police	Actg Tech III	15	79	65
McQuillin,Michael J	Vested	Vested	10	309	64
Michael,Rod	Human Services	Counslr	6	342	58
Mickelson,Kimberly L	DoIT	Strat Advr I	25	347	56
Mickelson,Sharon T	Personnel	Strat Advsr I	30	67	67
Monni,Florence	Personnel	Admin Staff Asst	22	345	66
Moore,Judith A	SPU	Civil Engr Spec Sr	30	46	64
Morgan,Ross G	City Light	Prot & Cntrl Elctn II	28	235	67
Morita,Eugenia	City Light	Engry Mgmt Anlyst Supv	29	78	58
Morse,Donna C	City Light	Utility Hearing Ofcr	9	222	65
Mulryan,James P	Parks	Grounds Maint Lead Wkr	13	217	64
Murray,Cheryl A	Sea Center	Vested	24	310	63
Murray,Dan M	City Light	Meter Elctn	17	272	65
Muskelly,Cheryl P	SPU	Util Acct Rep I	20	234	54
Nagan,Mary L	Parks Dept	Cashier	5	155	66
Nason,Ronald J	Vested	Vested	10	125	62
Neiford,Joseph O	Parks	Landscape Architect Sr	26	340	63
Nelson,Maureen T	SDOT	Admin Spec II	27	101	60
Newman,Bonnie E	Police	Admin Spec II	30	58	66
Ngy,Teng	Vested	Vested	1	182	64
Nichols,Melinda G	Vested	Vested	23	78.99	63
Nishimoto,Vickie A	City Light	Cust Svc Rep	34	143	62
Norton,Andrew J	VarDept	Chief Ops Training King Co Metro	41	340	70
O'Brien,Julia A	InfoTech	Vested	12	174	58
Oiye,Julie Ann	Library	Librarian	13	333	61
Olausen,Signe L	Human Svcs	Manager 2 Info Tech	6	3	66
Olyano,Blaine	City Light	Carpenter CC	29	199	62
Ooka,Cheryl M	SDOT	Manager 3	28	166	56
Papiez,Janice S	Vested	Vested	0	182	65



Retiree	Dept name	Position	Yrs	Days	Age
Paul,Pamela P	LegCityCncl	Vested	1	344	58
Pedersen,Susan S	Finance	Accountant	26	238	55
Peel,Dena L	Vested	Vested	19	175	60
Peterson,John L	Vested	Vested	12	316	63
Peterson,Lawrence M	City Light	Info Tech Prof B	32	245	65
Pfotenhauer,Jeanette	Vested	Vested	6	162	66
Pien,Diana L	Human Services	Plng & Dev Spec II	17	110	66
Pineda,Ma Teresa	Vested	Vested	8	272	61
Poole,Alfred	Human Services	Executive I	11	143	73
Potter,Denise D	Parks Dept	Manager 3	35	162	65
Pound,Gary A	City Light	Info Tech	5	121	67
Priest,Diane H	Police	Victim Advocate	35	190	66
Probst,Thomas E	Vested	Vested	12	356	64
Pruitt,Fred A	SPU	Constr & Maint Equip Op Sr	24	159	61
Puderbaugh,Velma E	Library	Librarian	42	251	67
Puloka,Seini F	Seattle Center	Personnel Spec Sr	31	104	56
Radtke,Gerald D	City Light	Elctn-Con	38	70	65
Razon,Evangeline D	City Light	Sr Customer Serv Rep	31	125	57
Reece,Terry L	City Light	Meter Reader	32	258	54
Reinhardt,Martha E	City Light	Exec Asst	15	353	71
Reis,Elizabeth A	KC Health	Health Educat Consul II	29	5	62
Richardson,Mark F	Parks	Rec Attendant	33	189	60
Richardson,Rhodell	City Light	Elect Engr Spec Sr	24	216	64
Richmond,Scott E	City Light	Auto Mechanic	32	287	55
Riley,Shirley J	Library	Library Assoc I	17	318	63
Robb,Nancy J	City Light	Manager 2	28	130	67
Robinson,Pauline	SPU	Util Acct Rep I	22	101	63
Roche,John T	Parks Dept	Strat Advsr 2	19	304	66
Rodriguez,Juan	City Light	Truck Drvr, Heavy	24	260	52
Rodriguez,M. Teresa	FAS	Strat Advr 2, P&FM	23	13	60
Rogge,Craig E	City Light	Elect Svc Rep Sr	37	252	60
Rolla,Trudy	KC Health	EH Specialist Sr	30	233	63
Rosenthal,Linda M	Library	Librn	32	335	64
Rowland,Wayne C	Vested	Vested	0	305	65
Rudolfo,Robert M	SPU	Truck Driver,Heavy	30	266	61
Ryan,Jane G	Muni Court	Admin Spec I	13	68	65
Sabado Jr,Daniel T	DoIT	Info Tech sys Anlyst	34	122	68
Saisithidej,Nokeo	DoIT	Info Tech Prof A	33	110	57
Samuels,Mary E	FAS	Info Tech Prof B -BU	28	58	60
Santiago,Zenaida L	Finance	Business Analyst	24	319	59
Scherer,Jo A	FAS	Carpenter	27	342	60
Schnell,Linda L	Library	Dir Human Resources	12	229	60
Schroeder,Carole M	SPU	Civil Engr Spec Asst III	27	7	59
Seay-Davis,Elaine L	PublicUtil	Util Acct Rep II	18	164	63
Semro,Marilynn L	City Light	Strat Advsr 2	14	22	65
Sepulveda,James W	Seattle Center	Head Usher	14	196	66
Shaw,Mary E	Human Svcs	Vested	15	338	57
Sullivan,Diane J	Law	Admin Spec I	8	5	64
Simonson,Gene M	Vested	Vested	8	284	67
Sizov,Cheryl	DPD	Vested	18	362	57
Smith Jr,Franklin H	Vested	Vested	8	229	63
Smith,Dave B	City Light	Manager 3	33	252	63
Smith,Georg T	InfoTech	Comm Shop Super	27	5	59

Retiree	Dept name	Position	Yrs	Days	Age
Smith,Nirav K	FAS	Fin Anlyst	21	20	58
Solinsky,Randi	Human Svcs	Early Ed Spec	17	308	60
Sommers,Wendy S	Police	Payroll Supv	30	2	61
Spencer,Martha J	SPU	Civil Engr Suprv	18	215	66
Spillers,Roberta P	Parks Dept	Maint Laborer	9	3	65
Stevenson,Sunny K	Vested	Vested	13	238	59
Stewart,Annemarie C	Parks	Personnel Spec Sr	31	155	52
Stieglitz,Lawrence J	City Light	Info Tech Prof B	34	194	63
Stinsman,Kathy E	Sea Center	TFM - Janitor SC	16	334	66
Stone,James A	Parks Dept	Surveyor, Chief	30	136	66
Stoner Jr.,Ronald K	FAS	Vested	23	160	53
Straw,Roosevelt	Parks Dept	Maint Laborer	18	307	61
Sun,Tzeyue	Finance	Info Tech Prof B	30	154	60
Sundby,Douglas E	DPD	Elevator Inspector Sr	6	335	62
Sweeney,Kathleen S	SDOT	Maint Laborer Sr -Traffic	23	323	60
Taylor,Megan G	Library	Librarian	25	15	58
Tello,Francisco M	Police	Crime Prev Coord	31	321	64
Tenna,Sebhat	Neighborhoods	Strat Advsr I	10	41	61
Teufel,Katherine	Library	Librarian	38	262	65
Thibodeaux,Rebecca A	KC Health	Adv Practice Nurse Specialist	39	60	65
Titus,Christine E	Vested	Vested	6	327	62
Tiura,Patricia A	Human Svcs	Vested	11	290	57
Toda,Connie L	Police	Latent Print Examiner	21	42	58
Tokiyeda,Olga	Finance	Admin Spec II	22	209	66
Tong,Makiko I	Finance	Info Tech Prof B	30	35	65
Tong,Mimi L	City Light	Acct Tech II	20	99	63
Tracy,Yvonne L	InfoTech	Data Network Services	29	267	63
Trias,Marilou B	City Light	Engry Mgmt Anlyst, Sr	30	3	55
Trujillo,Teresa M	SPU	Training & Ed Coordinator	31	115	66
Umagat,Edith	FAS	Admin Staff Anlyst	34	278	60
Valdez,Bienvenido D	City Light	Civil Engr Asst III	23	93	69
Vaughn,William S	Finance	Strat Advr 2	9	275	66
Voiland,Jeannette R	Library	Sr Librarian	39	68	65
Walton,Charles D	City Light	Lnwkr	20	105	59
Weber,Patricia S	EXEC DEPTS	Vested	13	95	65
Wehr,Virginia G	PublicUtil	Admin Spec III -BU	22	128	63
Weiss,Merle M	Civil Rights	Civil Rights Anlyst	8	192	67
Wentz,Wayne M	Vested	Vested	3	145	57
West,Dale A	City Light	Gardener Sr	30	166	61
West,Joanne E	DPD	Land Use Plnr II	30	1	62
Whipple,Gwen L	Human Services	Mgmt Svcs Anlyst	9	2	65
White,Stephen G	Sea Center	HVAC Tech	11	42	66
Wilkinson,LaRita	Parks	Maint Laborer	37	167	59
Williams,Alvia N	Civil Service	Paralegal	24	203	63
Wilson,Linda A	Seattle Center	Manager 1	18	63	66
Wilson,Shirley	Muni Court	Magistrate	22	31	55
Woelfle,Juanita L	Seattle Center	Manager 2	23	289	63
Wouestwin,Carl H	PublicUtil	Plng&Dev Spec, Sr	23	296	68
Wong,Sue Y	Police	Admin Staff Asst	31	160	54
Woo,Dick	Vested	Vested	8	205	59
Woo,James	Personnel	Personnel Anlyst Sr, Comp	28	49	60
Wood,Ramsey L	City Light	Hydroelec Maint Mach CC	33	115	53
Woods-Pollard,Sandria Y	Human Svcs	Manager 2	22	217	65

Retiree	Dept name	Position	Yrs	Days	Age
Wurzer, James C	Finance	Contract Anlyst, Sr	33	112	64
Wyckoff, Richard V	Finance	Info Tech Prof	31	9	72
Wymore, Nancy	PublicUtil	Truck Drvr, Heavy	32	274	63
Yamaguchi, Dennis T	Fire	Fire Equip Tech	34	250	69
Yamamoto, Phillip J	SPU	Accountant Princl	22	226	58
Yapp, Beverly	Retirement	Strat Advsr 2 TL	22	0	66
Yearby, Jimmy K	VarDept	Vested	17	259	72
Yee, Carolyn M	City Light	Res & Eval Asst	30	90	64
Yoshimi, Diane H	Vested	Vested	20	217	52
Young, James A	Vested	Vested	23	305	62
Younge, Karen	SPU	Civil Engr Spec	27	263	57
Zukaitis, Stephen J	PublicUtil	Wtr Meter Repairer Sr	26	199	59
Zuniga, Manuel R	FAS	Janitor	26	176	63
Zuniga, Rufina O	Personnel	Labor Relations Spec	32	259	65
<b>Total Service Retirements</b>			<b>328</b>		

**DISABILITY RETIREMENTS GRANTED IN 2013**

Retiree	Dept Name	Position	Yrs	Days	Age
<b>Total Disability Retirements</b>			<b>None</b>		



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
RETIRED MEMBERS DECEASED IN 2013**

Name	Dept Name	Retired For	Date Retired	Date of Death	Age at Death
Aho, Sione	SPU	Service	1/2/2004	7/4/2013	70
Akada, Mary S	Police	Service	6/4/1998	8/30/2013	82
Ambrose, Dora A	City Light	Service	3/1/1983	10/2/2013	96
Anderson, Frank William	DPD	Service	4/1/2006	1/29/2013	72
Anderson, Herbert W		Service	6/1/1986	12/29/2013	86
Ashford Jr, George W	Light	Service	6/1/1995	1/19/2013	81
Bailey, Gail M.	Parks	Service	10/1/2009	2/26/2013	62
Ballou, Mary J		Service	8/1/1975	8/29/2013	98
Bates, Barbara J	Library	Service	6/1/1992	2/23/2013	85
Beach, Jack C	City Light	Service	7/6/2006	9/21/2013	68
Bihrer, George R		Service	8/1/1980	11/14/2013	87
Bjorkman, Mary J	Light	Service	3/1/1994	2/1/2013	84
Blair, Elizabeth J	Vested	Service	1/3/2006	12/17/2013	72
Blass, Rudolph	City Light	Service	6/1/2004	6/4/2013	72
Boehm, Henry R.	SPU	Service	2/17/1998	6/5/2013	80
Bolin, Tunkan L R	Engineering	Disability	10/1/1976	6/23/2013	90
Brandenstein, D Ruth	KC Health	Service	5/1/1994	12/18/2013	83
Brummel, Thomas J.	City Light	Service	2/5/1997	4/30/2013	78
Buchanan, B Wayne	Parks	Service	9/12/2012	9/17/2013	64
Burks, Luther H	Administrative Svcs	Service	10/1/1982	1/13/2013	95
Burt, Vernon T		Service	7/1/1975	4/1/2013	99
Butterworth, Bruce	SPU	Service	10/1/2002	2/5/2013	85
Cabaccang, Constancia C	Police	Service	10/13/2010	1/24/2013	72
Carmichael, Mary L	Parks Dept	Service	1/1/1978	11/14/2013	100
Chiarelli, Vincent J		Service	1/1/1982	11/5/2013	96
Chinn, John S		Service	12/1/1976	12/29/2013	99
Chow, Cheryl M.	Dual Member	Service	6/30/2001	3/29/2013	66
Clark, Lonnie C		Disability	4/1/1969	11/1/2013	97
Clinton, Robert B	Light	Service	6/1/1984	3/4/2013	86
Colman, Peter	Engineering	Service	5/1/1982	4/2/2013	88
Conkle, Anne F	Health	Service	8/1/1977	4/3/2013	92
Cooke, William E.	Vested	Service	9/1/2010	8/1/2013	84
Courtney, James E	Light	Service	4/1/1988	4/13/2013	89
Cresse, P James	Light	Service	7/1/1994	11/4/2013	81
Cuendet, Joe F		Service	1/1/1974	7/31/2013	101
Deleau, George J	Light	Service	7/1/1989	1/27/2013	81
Demps, S.L.	Parks	Service	8/15/2012	7/27/2013	79
DETERT, THOMAS	SPU	Service	6/2/2000	6/13/2013	79
Dickinson, Patricia M	KC Health	Service	8/1/1987	11/25/2013	91
Dodd, Lucille B		Service	6/4/1996	11/21/2013	82
Dove, Margarita H	Human Svcs	Service	5/1/1987	9/5/2013	89
Eagon, Leroy G		Service	4/1/1979	8/16/2013	91
Eneberg, Paul W		Service	5/1/1992	7/10/2013	89
Erickson, Lawrence H	Police	Service	9/1/1993	10/1/2013	90
Faulconer, Carl R		Service	5/1/1992	11/17/2013	80
Fleck, Arvin L	Engineers	Service	4/1/1990	2/6/2013	84
Fowler, Maryilee		Disability	8/1/1973	7/19/2013	91
Francois, Rudolph B		Service	10/1/1975	9/28/2013	92
Frazier, Algje		Service	1/1/1994	5/13/2013	82
Fredrickson, Charles L		Service	2/1/1985	8/30/2013	77
Garcia, Janet K	DHHS	Service	11/10/1999	8/4/2013	77
Gonzales, Mae L	KC Health	Service	3/1/1986	11/30/2013	93
GURLEY, GREGORY S.	City Light	Service	6/22/2000	2/1/2013	66
Gustilo, Edward J	Park	Service	9/30/1997	4/17/2013	82
Habte-Egzy, Tewelde T.	Seattle Center	Service	8/10/2012	10/3/2013	76

Name	Dept Name	Retired For	Date Retired	Date of Death	Age at Death
Hager,Sylvia R		Service	8/1/1977	11/20/2013	98
Hagey,Patricia W	Parks	Service	4/1/1986	6/16/2013	91
Haigh, John Leo		Service	7/2/1996	7/22/2013	83
Haigh,David M	Office of Housing	Service	5/2/2013	6/10/2013	60
Halliday,Clinton W	Parks Dept	Service	6/1/1993	7/4/2013	86
Hames,Dorris S	KC Health	Service	9/1/1989	11/2/2013	86
Hayes,Chermaine L.	Municipal Courts	Service	4/8/2000	3/17/2013	81
Henninger,Robert L	Sea Center	Service	6/1/1994	11/16/2013	80
Henry,Marjorie R	Library	Service	8/1/1988	10/22/2013	90
Hicks,Lucile M	Human Svcs	Service	9/1/1984	9/21/2013	95
Hodges,George H	Light	Service	1/1/1987	2/17/2013	83
Hughes, Lester R	Fleets & Facilities	Service	8/5/2009	7/17/2013	68
Hutchison, Ronald R	City Light	Service	10/1/1983	9/25/2013	85
Hutchison,Donald R	Parks Dept	Service	7/1/1979	9/22/2013	90
Hyslop,Victor R		Service	4/1/1977	11/23/2013	93
Imai,Fumiko M 01165355		Service	12/1/1976	10/24/2013	101
Ishii,George G	Police	Service	2/1/1994	3/16/2013	84
Ismael,William F	SPU	Service	5/1/2011	2/9/2013	63
Iwasaki,Marine T	Health	Service	10/1/1981	2/9/2013	84
Jarvimaki, Milton M.		Service	6/29/1996	12/27/2013	80
Johnson , Jean A.	City Light	Service	9/5/2007	4/4/2013	63
Johnson,Alphonso D	Metro-Transit	Service	11/1/1987	1/31/2013	87
Johnson,Earline	Personnel	Service	3/2/2005	10/23/2013	63
Johnson,Tyree		Service	5/1/1981	10/10/2013	94
Johnson,Vance E		Service	6/1/1984	7/9/2013	85
Jorgensen,George W		Service	1/1/1981	7/17/2013	83
Kephart,George	Light	Service	2/1/1979	1/10/2013	85
Kirsch-Erdman,Frances	City Light	Service	7/1/1986	9/9/2013	91
Kitzel,Richard	Dual Member	Service	1/31/2001	1/15/2013	74
Kramer,Carolyn P	Library	Service	1/1/1980	4/19/2013	90
Kronquist,Merrill W	Light	Service	5/1/1983	2/28/2013	90
Kumpf,George A	Sea Center	Service	8/1/1989	10/22/2013	95
Kupfer, Robert A	City Light	Service	1/1/1982	9/30/2013	93
Landon,Margaret K	Health	Service	5/1/1981	1/9/2013	99
Langstaff, Russell O		Service	6/1/1983	9/20/2013	90
Liening,William F		Service	10/1/1986	1/1/2013	91
Loucks,Margery G	Library	Service	9/1/1985	11/24/2013	89
LUKHANG,SHIRLEY E	SPU	Service	9/29/1999	7/11/2013	79
Maas, Richard	SEATRAN	Service	8/2/2000	9/23/2013	66
Mackintosh,Ian S	DAS	Service	11/1/1995	2/24/2013	85
Maher,Daniel J	City Light	Service	11/7/2012	7/11/2013	66
Malone,Marie A	City Light	Service	9/1/1980	7/31/2013	98
MARONEK,ARTHUR E	Dual Member	Service	9/11/1999	6/21/2013	69
Martin,Elizabeth	Dual Member	Service	5/30/2001	12/16/2013	76
Matthews,Robert		Service	11/13/1996	7/13/2013	89
Mccarty,Lawrence A	Engineering	Service	11/1/1977	2/16/2013	97
Mccurdy,Robert H 05319934	Engineering	Service	1/1/1987	1/23/2013	88
McDaniel,Rosa V	Dual Member	Service	2/1/1999	1/7/2013	76
Mcelrath,Edith A	Library	Service	6/1/1987	12/24/2013	86
Mciver, Richard J	Legislative	Service	1/1/2010	3/10/2013	71
McNeil, Helen J		Service	7/1/1985	8/8/2013	88
Mellom,Glenn O	City Light	Service	7/1/1978	10/9/2013	90
Merritt,Truman A		Service	2/1/1980	11/25/2013	89
Mitchell,Hugh F		Service	1/1/1995	11/12/2013	83
Muhar,Joseph D	Engineering	Service	12/1/1983	1/16/2013	94
Myers,Glen C	Light	Disability	4/1/1992	1/28/2013	66
Nance Jr,Chester L		Service	5/1/1993	8/19/2013	76
Newman,Harry		Service	9/1/1988	12/18/2013	84
Nokleby,Bud L	City Light	Service	10/1/1989	11/29/2013	81



Name	Dept Name	Retired For	Date Retired	Date of Death	Age at Death
Oberlander,Dorothy		Service	6/1/1983	12/16/2013	97
Okamoto,Roy	Water	Service	10/30/1996	2/25/2013	75
Olson,Kenneth K	Parks	Service	5/1/1985	6/19/2013	90
Ostrom,Arthur C	Light	Service	11/1/1994	4/15/2013	93
Ott,Elwood W	Water	Service	8/1/1982	3/2/2013	90
Overaa,Donald R	City Light	Service	12/1/1985	8/19/2013	90
Overton,Leo E		Service	6/1/1993	5/23/2013	84
Parchen,Henry W	Engineering	Service	11/1/1978	1/28/2013	88
Patten, Thomas Leroy	City Light	Service	3/4/2008	6/16/2013	70
Pearce,Judith W	Fleets & Facilities	Service	12/14/2004	4/4/2013	67
Pearson, Dennis A	City Light	Service	11/7/2009	7/2/2013	65
Peterson,Norman M	City Light	Service	5/1/1980	12/28/2013	93
Petty,Alfred	DCLU	Service	11/1/1988	3/21/2013	86
Phifer,Robert E	KC Health	Service	2/1/1987	8/3/2013	93
Phillips,George W	SEATRAN	Service	3/3/1999	10/16/2013	62
Prather,Melissa L.	City Light	Service	2/1/1997	12/18/2013	79
Provence, Roberta L.	Police	Service	4/6/2002	6/27/2013	75
Randall,James B 302-985-979	Metro-Transit	Service	11/1/1980	4/8/2013	84
Rash,Timothy A	OED	Service	4/6/2012	6/16/2013	50
Reece,Robert L	Light	Service	8/1/1990	1/30/2013	79
Richards,Deanna	SPU	Service	3/23/2006	6/8/2013	74
Richmond,Scott E	City Light	Service	1/30/2013	5/19/2013	54
Riordan,Sydney R		Service	1/1/1985	10/22/2013	93
Roberts,Lloyd O		Service	4/1/1987	8/25/2013	88
Romei,Esther R	Light	Service	9/1/1985	5/4/2013	89
Rooney,David D	Police	Service	7/1/1995	5/29/2013	69
Rose,Charlotte A	KC Health	Service	8/1/1984	12/12/2013	86
Rosetti, Lucille	Sea Center	Service	4/1/1989	9/26/2013	88
RYAN,RANDI	DHHS	Service	6/5/2000	12/29/2013	78
Seamster, Robert	Human Svcs	Service	9/10/1996	8/26/2013	83
Severin,Elmer J	Light	Service	3/1/1983	1/26/2013	92
Seymour,General E		Service	12/1/1992	9/12/2013	73
Shaw,Irene M		Service	5/1/1981	8/1/2013	89
Shepard,Gene F 1015507120	City Light	Service	6/1/1989	11/16/2013	89
Shimizu,Jim S		Service	4/1/1990	12/14/2013	79
Shrewsbury,Homer R	City Light	Service	5/1/1977	11/12/2013	91
Skinner,Coy B	Parks Dept	Service	3/1/1982	11/9/2013	94
SMILANICH,ROBERT W.	SPU	Service	1/5/2000	6/24/2013	75
Snoozy,James D	Metro	Service	2/1/1990	3/23/2013	79
Snyder,Robert L.	ESD	Service	2/8/2000	5/18/2013	83
Snyder,Wesley E	Human Svcs	Service	1/1/1994	11/1/2013	82
Sokol, Robert		Service	3/30/1996	9/28/2013	79
Stotler,Rodney J	City Light	Service	7/26/2006	2/19/2013	68
Stroud,Luther		Service	7/1/1980	8/28/2013	96
Swallow,Janice L	Health	Service	1/16/1998	2/19/2013	72
Thomas, Richard J.	Municipal Courts	Service	6/22/1999	9/16/2013	76
Thompson , Florease	City Light	Service	8/2/2007	1/24/2013	66
Thompson,Vera	Water	Service	7/1/1982	5/22/2013	92
Todd,James R.	Transportation	Service	1/1/1997	5/16/2013	78
Tokuda, Kip	Human Services	Service	1/1/2009	7/13/2013	66
Trysh, George N	City Light	Service	4/1/1985	8/13/2013	90
Turner,Thomas	Parks	Service	1/1/1983	6/17/2013	98
Urdahl,Arnold		Service	5/1/1987	9/25/2013	85
Van Wechel,Alwin E	City Light	Service	4/1/1977	11/27/2013	93
Vanatta,Clarence E	Engineering	Service	4/1/1988	2/6/2013	76
Watson,Marlene		Service	10/1/1996	7/20/2013	78
Weidenheimer,Lew N	Parks Dept	Service	3/1/1993	7/30/2013	85
Westfall,Ruth J	Muni Court	Service	11/1/1993	12/16/2013	88
White,Armit		Service	1/1/1993	10/29/2013	92

Name	Dept Name	Retired For	Date Retired	Date of Death	Age at Death
White, Janet S		Disability	5/1/1988	7/26/2013	80
Williams-Pratt, Barbara K	K.C. Health	Service	2/23/2011	3/31/2013	58
Woodward, William		Service	3/1/1985	10/31/2013	90
Yanagimachi, Pearl	Parks Dept	Service	1/1/1990	8/21/2013	88
Yoshida, Ronald S		Service	6/1/1984	7/10/2013	89
Young, Clarence		Service	3/6/1996	2/15/2013	79
Youngs, Robert M	City Light	Service	3/1/1992	11/21/2013	83
Zawislak, Martin P.	Metro Transit	Service	7/9/1999	4/3/2013	71

Average Age of Deceased Service Pensioner	82.8
Average Age of Deceased Disability Pensioner	84.8
Number of Service Pensioners Deceased	176
Number of Disability Pensioners Deceased	5
Death Benefits for Deceased Active and Retired	304,000
Refunds Under Option "A"	0
Refunds Under Disability	0



**DEATHS IN ACTIVE SERVICE DURING 2013**

Name	Position	Department	Age
Bernstein, Barbara L	Usher	Seattle Center	73
Cancio, Robert Isla	Parking Meter collector	Finance	45
Doran, Gary Lawrence	Meter Reader	Seattle Public Utilities	52
Gettmann, John M	Laborer	Seattle Center	64
Girmay, Tesema	Bindery Wkr	ESD	62
Hokama, Hall Haruo	Painter	Sea Center	59
Hsu, Hom	Library Assoc I	Seattle Public Library	54
Morgan, Scott N	Line C CC	57	57
Rich, Rodney G	Investments/Debt Director	Dept. of Finance and Admin Svc	79
Rutter, Thomas H	Human Svcs Prgm Supv, Sr	52	52
Turner, Thomas W	Usher	Sea Center	64
Wilson, Valerie J	Site Dev Insp	DPD	58
Count			12
Average Age			59.90

**DEATH BENEFIT SYSTEM****For The Year Ended December 31, 2013**

All active members and those retired members who so elect are covered by the Death Benefit System. The Death Benefit System is similar to a life insurance policy and pays \$2,000 to the beneficiary of an active or retired member.

The annual premium for each member is \$12, with the City matching this amount. Any additional funds needed to fund the Death Benefit System come from the undistributed earnings of the Retirement System.

There were 12 payouts for deaths in active service and 181 claims from retired employees - a total of 193 claims. This compares with 9 deaths in active service in 2012, and 160 claims from retired employees - a total of 169. The claims totaled \$266,000 in 2011 and \$230,000 in 2012.

Income from Active and Retired Employees:		\$	143,816
Income from Employers:			
Seattle City Light	\$	31,620	
General Fund		29,316	
Seattle Public Utilities		21,562	
Seattle Parks Department		15,030	
Transportation		12,270	
Library		9,546	
Administrative Services		9,408	
Seattle Center		5,434	
Planning and Development		5,358	
King County/Metro		3,924	
Employees' Retirement System		336	
Total from Employer Funds		\$	143,804
Total paid into Death Benefit Reserve		\$	287,620
Less: Death Benefit Claims – 2013		\$	<u>304,000</u>
Total 2013 Use of Operating Fund Balance		\$	16,380

**UNUSED SICK LEAVE**

At the time of retirement, some members may elect to receive a cash payment equal to 25% of the monetary value of their "unused sick leave." The monetary value is developed by multiplying the number of hours of unused sick leave by the hourly rate, and is calculated and paid to the employee by the employing department when the person retires immediately following employment. Vested members retiring at a future date do not receive a sick leave payout. This may not apply to certain represented positions.

The member may elect to write a check payable to the City, and deliver it to the Retirement System, for the amount of the sick leave payout, and this amount will be placed in an account to be used to pay health care premiums for self and spouse. Since the health care premiums are paid from the Health Care Fund, these funds do not accrue interest. If the retiree dies before the credit is exhausted, the surviving spouse may use the remaining credit to pay for health care coverage.

In the event of the death of an active employee eligible for sick leave benefits, the employing department will pay the beneficiary an amount equal to 25% of said employees' accumulated unused sick leave.

Of the 328 service retirements during 2013, there were no retirees that deposited the value of their sick leave payout to an account that will be used to pay their medical premiums.

## RETIREMENT ESTIMATE INFORMATION

### Percentage of Average Salary

Years of Retirement Credit

Years of Retirement Credit

		Age															
	Any	52	53	54	55	56	57	58	59	60	61	62	63	64	65		
30	60	60.0	60.0	60.0	60.0	60.0	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	30	
29		58.0	58.0	58.0	58.0	58.0	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	29	
28		56.0	56.0	56.0	56.0	56.0	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	28	
27		51.3	54.0	54.0	54.0	54.0	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	27	
26		46.8	49.4	52.0	52.0	52.0	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	26	
25		42.5	45.0	47.5	50.0	50.0	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	25	
24		38.4	40.8	43.2	45.6	48.0	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	24	
23		34.5	36.8	39.1	41.4	43.7	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	23	
22		30.8	33.0	35.2	37.4	39.6	41.80	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44.00	22	
21		27.3	29.4	31.5	33.6	35.7	37.80	39.90	42.00	42.00	42.00	42.00	42.00	42.00	42.00	21	
20		24.0	26.0	28.0	30.0	32.0	34.00	36.00	38.00	40.00	40.00	40.00	40.00	40.00	40.00	20	
19							28.88	30.02	31.16	32.30	33.44	34.58	35.72	36.86	38	19	
18							27.36	28.44	29.52	30.60	31.68	32.76	33.84	34.92	36	18	
17							25.84	26.86	27.88	28.90	29.92	30.94	31.96	32.98	34	17	
16							24.32	25.28	26.24	27.20	28.16	29.12	30.08	31.04	32	16	
15							22.80	23.70	24.60	25.50	26.40	27.30	28.20	29.10	30	15	
14							21.28	22.12	22.96	23.80	24.64	25.48	26.32	27.16	28	14	
13							19.76	20.54	21.32	22.10	22.88	23.66	24.44	25.22	26	13	
12		<b>Not Eligible To Retire</b>						18.24	18.96	19.68	20.40	21.12	21.84	22.56	23.28	24	12
11							16.72	17.38	18.04	18.70	19.36	20.02	20.68	21.34	22	11	
10							15.20	15.80	16.40	17.00	17.60	18.20	18.80	19.40	20	10	
9												16.38	16.92	17.46	18	9	
8												14.56	15.04	15.52	16	8	
7												12.74	13.16	13.58	14	7	
6												10.92	11.28	11.64	12	6	
5												9.10	9.40	9.70	10	5	

**Identify percentage factor above that applies to your age and years of service.**

Percentages increase with each day of service.

Maximum percentage factor = 60% with 30 years of retirement credit.

Average Salary = Average of Highest Consecutive 24 months.

If expected retirement date is 2 years or more from now, use today's salary as estimated Final Average Salary.

Eligibility for Retirement
5 to 9 years of service - and are age 62 or older
10 to 19 years of service - and are age 57 or older
20 to 29 years of service - and are age 52 or older
30 years of service - any age

**Example: 22 years of credit, age 56, and final average salary is \$2,500**

<u>\$ 2,500</u>		<u>39.6 %</u>		<u>\$ 990</u>
Final Average Salary	x	percentage factor from table based on age and years of credit	=	Estimated Un-modified Monthly Amount

**Note:** This form is only intended to provide a general profile of how an estimated pension amount is calculated. Any unpaid leave during your career is not counted towards retirement credit, but may be purchased under certain circumstances.