



Watching The Retirement Dollars

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Washington State Actuary

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Office of the State Actuary
"Securing tomorrow's pensions today."

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Informed Decision-Making

- Long-term view
- Accurate
- Objective
- Understandable
- Trusted



Washington Example

- You're approached by a stakeholder to drop a bill on lowering the plan's normal retirement age
- Where do you go from here?

Bill Draft

- The Office of the State Actuary (OSA) works directly with legislators and staff to draft pension legislation
- Optional service
- Confidential engagement
- We also work directly with stakeholders if necessary

Actuarial Fiscal Note

- Identify the bill's impact on
 - State and local government budgets
 - Member take-home pay
 - Funded status of the affected plans
- Required on all pension legislation
- Must include 25-year budget impacts



Legislative Hearing

- OSA staff attends all hearings and answers questions from legislators on actuarial fiscal note

Amendments?

- OSA prepares actuarial fiscal note on all adopted amendments



Bill Becomes Law

- OSA calculates a "supplemental contribution rate" increase
- Temporary funding until new law rolled into base contribution rates

About OSA

- Small agency
 - Within legislative branch
 - Thirteen-person staff
 - Actuaries and policy staff
- Unique among the states
- State Actuary appointed by a bi-partisan statutory committee

Principal Duties

- Perform actuarial valuations
- Recommend contribution rates
- Perform experience studies
- Set demographic assumptions
- Recommend economic assumptions
- Prepare actuarial fiscal notes
- Provide staff to Select Committee on Pension Policy (interim committee)

Long-Term View

- Budget and stakeholder views are usually short term
- Pensions represent long-term promises
- Balance required



Accuracy

- We follow best practices for quality control
- Work audited every two years by outside actuary
- Audit solicited by outside party
- OSA maintains independence

Objective

- State Actuary appointed, not elected
- No term limit
- Serves at the pleasure of bi-partisan appointment committee

Understandable

- We hope
- Actuaries work alongside policy analysts to maintain layperson's perspective
- Actuarial information of little value if not understood by non-actuaries
- Plain talk

Trusted

- Accurate, objective, and understandable information is a must
- But, work must be trusted by all parties to improve decision making
- Trust earned by consistency of our actions
- Educational outreach
- Transparency

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