Actuarial Methods and Assumptions

To calculate the contribution rates necessary to pre-fund the plan's benefits, an actuary uses an actuarial cost method, asset valuation method, economic assumptions, and demographic assumptions. This section, together with the web pages linked below, lists the actuarial methods and assumptions used for this valuation.

Actuarial Methods

Please see the Actuarial Methods web page for descriptions of the actuarial cost methods and asset valuation method we use for this valuation.

Actuarial Assumptions

Assumptions that change regularly, along with new assumption and method changes since the last actuarial valuation report, are listed within this section. Otherwise, please see the Actuarial Assumptions web page for descriptions of all remaining assumptions.

Economic Assumptions

We adjust the general salary growth assumption for TRS each year to model the salary bonus payable to members who attain national board certification. These bonuses are includable in compensation for pension purposes.

TRS General Salary Increase by Year

Year	TRS 1	TRS 2/3
2015	3.77%	3.77%
2016	3.75%	3.75%
2017	3.75%	3.75%
2018	3.85%	3.85%
2019	3.84%	3.84%
2020	3.83%	3.83%
2021	3.83%	3.82%
2022	3.82%	3.82%
2023	3.81%	3.81%
2024	3.80%	3.80%
2025	3.79%	3.79%
2026	3.78%	3.78%
2027	3.77%	3.77%
2028	3.77%	3.77%
2029+	3.75%	3.75%

Note: Includes inflation.

Demographic Assumptions

Employee Contribution Rates for Savings Fund Accrual	
System/Plans	**Contribution Rate***
PERS 2	5.26%
TRS 2	6.24%
SERS 2	5.48%
PSERS 2	6.96%
LEOFF 2	8.68%
WSPRS 1/2	7.34%

This assumption helps us estimate the value of accumulated employee contributions with interest if a member elects a refund of contributions instead of a deferred retirement allowance upon termination.

**PERS 1 and TRS 1 employee rates are set in statute at 6%. No LEOFF 1 rates are required as long as the plan remains fully funded. Plan 3 members do not contribute to the defined benefit plan.*

New Miscellaneous Assumptions

Remarriage Assumptions for Duty-Related Death Survivors in LEOFF 2 and WSPRS	
Percent of Survivors Assumed to Remarry	40%
Assumed Time Period Until Remarriage	
	Years
Current Survivors	2
Future Survivors	4
Benefit COLA Assumption*	3.75%

Survivors of duty-related deaths may qualify for a death benefit paid by Labor and Industries (L&I). Upon remarriage the death benefit is paid from the respective system's pension trust fund.

Note: We assume all duty-related death survivors could qualify for the remarriage benefit.

**The benefit COLA changes with the state average wage.*

Changes in Methods and Assumptions since the Last Valuation

- For all systems, except LEOFF 2, we assume a 7.7 percent interest rate.
- We updated assumed administrative factors.
- We corrected how our valuation software calculates non-duty disability benefits for LEOFF 2 active members. Previously, our software incorrectly allocated only half of the calculated benefit to the year prior to service retirement eligibility.
- We added new LEOFF 2 and WSPRS benefit definitions within our valuation software to model legislation signed into law during the 2015 Legislative Session. The law now pays the

Labor and Industries (L&I) duty-related death survivor benefit from each system's respective trust fund upon remarriage of the survivor. Prior to this legislation, the L&I survivor benefit ended when the survivor of a duty-related death remarried.

- We changed how we value the Basic Minimum COLA in PERS 1 and TRS 1. Calculation of this COLA is now included within our valuation software instead of using an external model.