Employees' Retirement System

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http://www.seattle.gov/retirement/

Department Overview

The Seattle City Employees' Retirement System has two major functions: administration of retirement benefits and management of the assets of the Retirement Fund. Employee and employer contributions, as well as investment earnings, provide funding for the system. Approximately 9,000 active employee members, 3,300 terminated employee members and 7,300 retired employee members participate in the plan.

The provisions of the plan are set forth in Chapter 4.36 of the Seattle Municipal Code. The plan is a "defined benefit plan" which means an employee's salary, years of service, and age at the time of retirement are used to determine the amount of retirement benefits. At retirement, members are given a choice of several payment options to collect their retirement benefit. The Retirement System is led by a seven-member Board of Administration and an Executive Director appointed by the Board.

Please note that the appropriations detailed in the following tables reflect only the costs to administer the system and do not reflect payment of retirement benefits or investment management fees.

Budget Snapshot

		2022 Actuals	2023 Adopted	2024 Endorsed	2024 Adopted
Department Support					
Other Funding - Operating		286,172,193	10,474,069	10,525,831	10,656,304
	Total Operations	**286,172,193**	**10,474,069**	**10,525,831**	**10,656,304**
	Total Appropriations	**286,172,193**	**10,474,069**	**10,525,831**	**10,656,304**
Full-Time Equivalents Total*		27.00	28.50	30.50	30.50

* FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here

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Incremental Budget Changes

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	2024 Budget	FTE
Total 2024 Endorsed Budget	**10,525,831**	**30.50**
Baseline		
Citywide Adjustments for Standard Cost Changes	(7,037)	-
Proposed Technical		
Fund Balancing Adjustment	-	-
Adjust 2024 Baseline to SCERS Board Approved Budget	(19,504)	-
Salary Adjustment for Reclassifications & Alignment	200,263	-
Council		
SCERS Contribution Rate Change	(43,249)	-
Total Incremental Changes	**$130,473**	**-**
Total 2024 Adopted Budget	**$10,656,304**	**30.50**

Description of Incremental Budget Changes

<u>**Baseline**</u>

Citywide Adjustments for Standard Cost Changes

Expenditures $(7,037)

Citywide technical adjustments made in the baseline phase reflect changes to internal services costs, including rates from the Department of Finance & Administrative Services, Seattle Information Technology Department, Seattle Department of Human Resources, and for healthcare, retirement, and industrial insurance charges for the department. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

<u>**Proposed Technical**</u>

Fund Balancing Adjustment

Revenues $(43,249)

This is a technical item to record a fund balancing entry for the Employees' Retirement Fund.

Adjust 2024 Baseline to SCERS Board Approved Budget

Expenditures $(19,504)

This item brings the baseline budget into agreement with the 2023 budget approved by the SCERS board.

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Salary Adjustment for Reclassifications & Alignment

Expenditures	$200,263
Revenues	$173,722

During 2023, several member service positions are in the process of being reclassified by SDHR (5 titles/11 positions) and certain other positions' wages were aligned with the results of a salary study (9 positions). The result is an increase in salaries and associated costs, which began in 2023. This item adds appropriation to SCERS' budget to cover these costs.

Council

SCERS Contribution Rate Change

Expenditures	$(43,249)

The City's employee retirement system, the Seattle City Employees Retirement System (SCERS), of which most non-uniformed City employees are members, is a defined benefit pension program funded by a combination of salary-based employer (i.e., the City) and employee contributions, and investment earnings.

The employer portion of the SCERS contribution is funded through the annual budget process as a percentage of salaries based on several factors including reports from the contracted actuary and the City's long-range financial forecasts. The Mayor's 2024 Proposed Mid-Biennial Budget included an employer contribution rate of 16.22%, which was determined prior to the actuary's recommendation but provided for long-term "smoothing" given the City's long-term financial challenges.

This item reduces the employer contribution rate from the proposed rate of 16.22% to the SCERS minimum actuarial required rate of 15.17%, which was determined to provide sufficient funding to the retirement system to achieve 100% funded status by 2042.

Employees' Retirement System

2023-24 Mid-Biennium Adopted Budget Updates - Expenses

Budget Summary Level	Fund	Budget Process Phase Endorsed	Adopted Changes	Grand Total
Employee Benefit Management	61030 - Employees' Retirement Fund	10,525,831	130,473	10,656,304
Employee Benefit Management Total		**10,525,831**	**130,473**	**10,656,304**
Grand Total		**10,525,831**	**130,473**	**10,656,304**