

# Firefighter's Pension

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## Department Overview

The Firefighters' Pension Fund (FPEN) provides pension and medical benefit services to eligible firefighters, active and retired, and their beneficiaries. FPEN is a closed plan that only covers firefighters who were hired before October 1, 1977. Retiree benefits for firefighters hired more recently are primarily covered through a separate state-managed plan.

Management of firefighter benefits funds transitioned in the 1970s from local to state control. Prior to that time, the City paid into FPEN to provide for firefighter retiree benefits. In March 1970, the state created the Law Enforcement Officers and Fire Fighters Retirement System Plan 1 (LEOFF 1). Seattle firefighters hired between March 1970 and October 1977 enrolled in LEOFF 1, but also received additional benefit coverage through FPEN. As a result, this group of firefighters receives retiree benefits primarily from the state's LEOFF 1 plan, but also any earned increment from the City's FPEN that exceeds LEOFF 1 coverage. Both FPEN and LEOFF 1 closed to new enrollees in October 1977. Firefighters hired after that date enroll in the state's LEOFF 2 plan and do not receive benefits from FPEN.

The Seattle Firefighters' Pension Board is a five-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on disability applications, and provides oversight of the Firefighters' Pension Fund. Four staff employees of the board handle all of its operational functions. Staff positions associated with Firefighters' Pension Fund are not reflected in the City's position list.

The projections of annual pension and medical benefits, which comprise about 97% of the total annual FPEN budget, are based on the forecasts of an independent actuary. The Firefighters' Pension Fund has two statutory funding sources:

- The first is a component of the City's property tax levy. These revenues are placed in the City's General Fund, which funds the Fire Pension Fund's annual budget.
- The second is the state fire insurance premium tax.

These statutory funding sources are in addition to other smaller funding sources that support the Firefighters' Pension Fund obligations.

The Firefighters' Pension Fund includes two funds: the Fire Pension Fund, which pays current pension, medical, and death benefits; and the Actuarial Account, which was established by [Ordinance 117216](#) in 1994 to accumulate a balance sufficient to pay all future pension liabilities of the fund by 2028.

## Budget Snapshot

	2021 Actuals	2022 Adopted	2023 Proposed	2024 Proposed
<b>Department Support</b>				
Other Funding - Operating	19,530,958	21,921,588	22,972,698	23,036,576
<b>Total Operations</b>	<b>19,530,958</b>	<b>21,921,588</b>	<b>22,972,698</b>	<b>23,036,576</b>
<b>Total Appropriations</b>	<b>19,530,958</b>	<b>21,921,588</b>	<b>22,972,698</b>	<b>23,036,576</b>
Full-Time Equivalents Total*	4.00	4.00	4.00	4.00

# Firefighter's Pension

\* 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

## Budget Overview

The Firefighters' Pension Fund (FPEN) receives almost all of its revenue from the City's General Fund. FPEN's expenditures pay the legally mandated pension and medical benefits, including long-term care, to eligible retired firefighters and qualified beneficiaries. Most of FPEN's retirees are represented by either Local 27 (firefighters' union) or Local 2898 (fire chiefs' union) and their total pension benefits are increased annually with a cost-of-living adjustment equal to the negotiated annual wage increases (AWI) for the active union members at the Seattle Fire Department and then offset by benefits paid by the state's Law Enforcement Officers and Fire Fighters (LEOFF 1) pension plan which has its own annual growth rate.

In November 2016, Council passed Ordinance 125190 which requires an actuarially determined level payment amount from the City to the FPEN Fund each year to cover pension benefit costs. Any remaining difference between the payment amount and actual pension benefit costs is transferred to the Actuarial Account for FPEN's future pension obligations. The account is invested in a portfolio managed by the Department of Finance and Administrative Services (FAS). The 2023-2024 Proposed Budget assumes an annual rate of return of 5.5% on the investment portfolio and that the returns are continuously reinvested.

The 2023 Proposed Budget increases \$1.05 million from the 2022 Adopted Budget. It includes an increase of \$28,870 for centrally adjusted administrative and labor costs, an increase of \$250,000 in medical and long-term care benefits and an increase of an estimated \$772,000 in pension costs, including the transfer to the Actuarial Account.

## Incremental Budget Changes

### Firefighter's Pension

	Dollars	FTE
<b>2022 Adopted Budget</b>	<b>21,921,588</b>	<b>4.00</b>
<b>Baseline</b>		
Citywide Adjustments for Standard Cost Changes	2,134	-
Appropriations for 2022 Annual Wage Increases (AWI)	26,736	-
<b>Proposed Operating</b>		
Adjustments to FPEN revenues and expenditures (Fund 61040)	1,022,240	-
Transfer Received by the Fire Pension Actuarial Account (61050)	-	-
<b>Total Incremental Changes</b>	<b>\$1,051,110</b>	<b>-</b>
<b>Total 2023 Proposed Budget</b>	<b>\$22,972,698</b>	<b>4.00</b>

## Description of Incremental Budget Changes

### Baseline

Citywide Adjustments for Standard Cost Changes

## Firefighter's Pension

Expenditures \$2,134

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.

### Appropriations for 2022 Annual Wage Increases (AWI)

Expenditures \$26,736

This centrally administered change adjusts appropriations to reflect an annual wage increase in 2022, as outlined in the agreements between certain City unions, for personnel costs included in this department. These agreements were not finalized until after the 2022 budget had been adopted. This change includes ongoing cost increases to salary, FICA, Medicare, retirement, overtime and temporary labor. There is no increase assumed from 2022 to 2023.

### Proposed Operating

#### Adjustments to FPEN revenues and expenditures (Fund 61040)

Expenditures \$1,022,240  
Revenues \$1,051,110

These changes adjust revenues and expenditures in the Fire Pension Fund (61040) to reflect anticipated changes in medical, long-term care and pension benefit costs and supporting revenues, including the transfer out of funds to the Fire Pension Actuarial Account (61050).

#### Transfer Received by the Fire Pension Actuarial Account (61050)

Revenues -

This item accounts for the receipt of the transfer of the required amount from the Fire Pension Fund (61040) to the Fire Pension Actuarial Account (fund 61050) in accordance with Ordinance 117216 as amended to achieve full funding of all future pension liabilities in the fund by 2028. The transfer amount of \$1,055,000 appears as \$0 here because the transfer amount is netted against a corresponding entry of the same amount as a contribution to fund balance as seen below in the Revenue Overview section for fund 61050.

## Firefighter's Pension

### Expenditure Overview

	2021 Actuals	2022 Adopted	2023 Proposed	2024 Proposed
<b>Appropriations</b>				
<b>FPEN - BO-FP-R2F01 - Firefighters Pension</b>				
61040 - Fireman's Pension Fund	19,530,958	21,921,588	22,972,698	23,036,576
<b>Total for BSL: BO-FP-R2F01</b>	<b>19,530,958</b>	<b>21,921,588</b>	<b>22,972,698</b>	<b>23,036,576</b>
<b>Department Total</b>	<b>19,530,958</b>	<b>21,921,588</b>	<b>22,972,698</b>	<b>23,036,576</b>
<b>Department Full-Time Equivalents Total*</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>

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### Budget Summary by Fund Firefighter's Pension

	2021 Actuals	2022 Adopted	2023 Proposed	2024 Proposed
61040 - Fireman's Pension Fund	19,530,958	21,921,588	22,972,698	23,036,576
<b>Budget Totals for FPEN</b>	<b>19,530,958</b>	<b>21,921,588</b>	<b>22,972,698</b>	<b>23,036,576</b>

### Revenue Overview

#### 2023 Estimated Revenues

Account Code	Account Name	2021 Actuals	2022 Adopted	2023 Proposed	2024 Proposed
335130	Fire Insur Premium Tax	1,194,678	1,161,000	1,347,296	1,401,625
360430	Employr Pnsn Contributions	19,099,362	19,099,362	20,128,427	20,131,305
360900	Miscellaneous Revs-Other Rev	440,165	478,064	440,000	430,000
<b>Total Revenues for: 61040 - Fireman's Pension Fund</b>		<b>20,734,204</b>	<b>20,738,426</b>	<b>21,915,723</b>	<b>21,962,930</b>
400000	Use of/Contribution to Fund Balance	-	1,183,162	1,056,975	1,073,646
<b>Total Resources for:61040 - Fireman's Pension Fund</b>		<b>20,734,204</b>	<b>21,921,588</b>	<b>22,972,698</b>	<b>23,036,576</b>
397010	Operating Transfers In	592,062	878,000	1,055,000	1,116,000
<b>Total Revenues for: 61050 - Fireman's Pension Actuarial</b>		<b>592,062</b>	<b>878,000</b>	<b>1,055,000</b>	<b>1,116,000</b>
400000	Use of/Contribution to Fund Balance	-	(878,000)	(1,055,000)	(1,116,000)
<b>Total Resources for:61050 - Fireman's Pension Actuarial</b>		<b>592,062</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total FPEN Resources</b>		<b>21,326,266</b>	<b>21,921,588</b>	<b>22,972,698</b>	<b>23,036,576</b>

# Firefighter's Pension

## Appropriations by Budget Summary Level and Program

### **FPEN - BO-FP-R2F01 - Firefighters Pension**

The purpose of the Firefighters' Pension Budget Summary Level is to provide benefit services to eligible active and retired firefighters and their lawful beneficiaries.

<b>Program Expenditures</b>	<b>2021 Actuals</b>	<b>2022 Adopted</b>	<b>2023 Proposed</b>	<b>2024 Proposed</b>
Death Benefits	9,000	19,000	19,000	19,000
Leadership and Administration	887,165	949,588	978,458	981,336
Long-Term Care	2,454,268	-	-	-
Medical Benefits	7,176,703	12,250,000	12,500,000	12,500,000
Pensions	9,003,822	8,703,000	9,475,240	9,536,240
<b>Total</b>	<b>19,530,958</b>	<b>21,921,588</b>	<b>22,972,698</b>	<b>23,036,576</b>
Full-time Equivalents Total*	4.00	4.00	4.00	4.00

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The following information summarizes the programs in Firefighters Pension Budget Summary Level:

#### **Death Benefits**

<b>Expenditures/FTE</b>	<b>2021 Actuals</b>	<b>2022 Adopted</b>	<b>2023 Proposed</b>	<b>2024 Proposed</b>
Death Benefits	9,000	19,000	19,000	19,000

#### **Leadership and Administration**

<b>Expenditures/FTE</b>	<b>2021 Actuals</b>	<b>2022 Adopted</b>	<b>2023 Proposed</b>	<b>2024 Proposed</b>
Leadership and Administration	887,165	949,588	978,458	981,336
Full Time Equivalents Total	4.00	4.00	4.00	4.00

#### **Long-Term Care**

<b>Expenditures/FTE</b>	<b>2021 Actuals</b>	<b>2022 Adopted</b>	<b>2023 Proposed</b>	<b>2024 Proposed</b>
Long-Term Care	2,454,268	-	-	-

#### **Medical Benefits**

## Firefighter's Pension

<b>Expenditures/FTE</b>	<b>2021 Actuals</b>	<b>2022 Adopted</b>	<b>2023 Proposed</b>	<b>2024 Proposed</b>
Medical Benefits	7,176,703	12,250,000	12,500,000	12,500,000

### **Pensions**

<b>Expenditures/FTE</b>	<b>2021 Actuals</b>	<b>2022 Adopted</b>	<b>2023 Proposed</b>	<b>2024 Proposed</b>
Pensions	9,003,822	8,703,000	9,475,240	9,536,240