

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

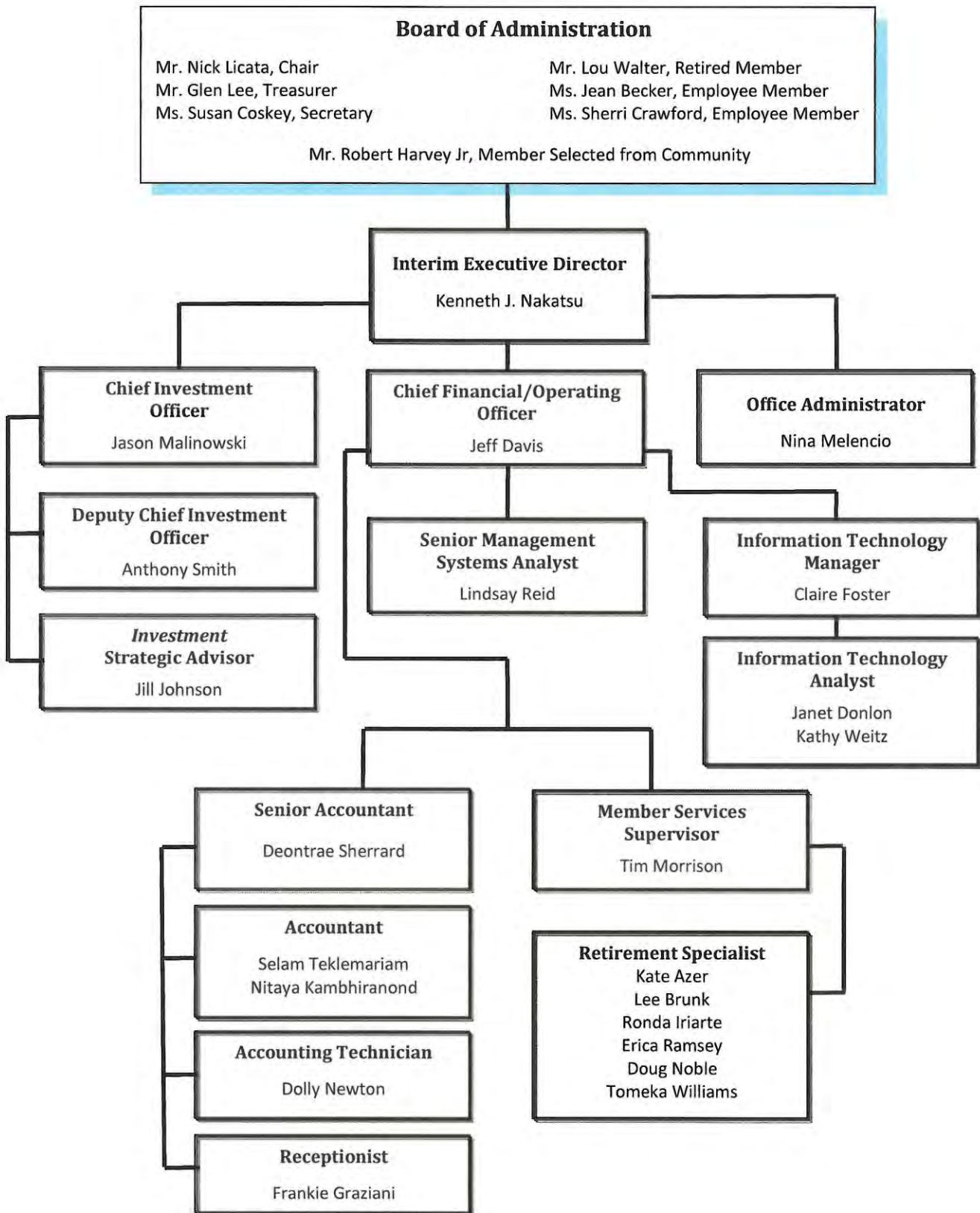
ANNUAL REPORT

For the Year Ended December 31, 2014

Prepared by: Seattle City Employees' Retirement System Staff
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2014 Organizational Chart





City of Seattle

Seattle City Employees' Retirement System

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To the Honorable Mayor and Seattle City Council
Seattle, Washington

I am pleased to transmit the 2014 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, 2014, concludes our 87th 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 Seattle Department of Human Resources and a third party administrator.

Distribution of the 2014 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

A handwritten signature in blue ink, appearing to read "Kenneth J. Nakatsu".

Kenneth J. Nakatsu
Interim Executive Director

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CliftonLarsonAllen

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FINANCIAL

Independent Auditors Report

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

December 31, 2014 and 2013

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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, 2014 and 2013, 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, 2014 and 2013, 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 changes in net pension liability and related ratios, employer contributions and investment returns, 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 additional information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Baltimore, Maryland

June 22, 2015

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2014 and 2013**

This section presents management's discussion and analysis of the Seattle City Employees' Retirement System's (SCERS or the System or SCERS) financial performance during the years ended December 31, 2014 and 2013. 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 Changes in Net Pension Liability and Related Ratios
 - b. Schedule of Employer Contributions
 - c. Schedule of Investment Returns

- 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 Changes in Net Pension Liability and Related Ratios that is included in the Required Supplementary Information.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2014 and 2013**

- 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 Changes in Net Pension Liability and Related Ratios 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 paid 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, 2014.
- Net position increased by \$106 million (4.8%) during 2014. The primary driver was a \$117 million increase in investment assets and receivables. Net position increased by \$265 million (13.6%) during 2013. The primary driver was a \$266 million increase in investment assets.
- Revenue additions to net position for 2014 were \$276 million which includes member and employer contributions of \$154 million and revenue from investment activity totaling \$122 million. 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.
- Expenses (deductions from net position) for 2014 increased by \$8.9 million (5.5%) from 2013. This can be primarily attributed to an \$8.8 million increase in retiree benefits. In 2014, the net increase in the number of retirees receiving benefits was 2.4%. Expenses 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 2014, the net increase in the number of retirees receiving benefits was 2.9%.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2014 and 2013**

Plan Net Position

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash, short-term investments and receivables	\$ 133,327,132	\$ 58,102,260	\$ 61,177,463
Investments at fair value	2,222,396,685	2,180,184,714	1,914,325,374
Securities lending collateral	<u>25,231,590</u>	<u>13,595,048</u>	<u>10,154,781</u>
Total assets	<u>2,380,955,407</u>	<u>2,251,882,022</u>	<u>1,985,657,618</u>
Securities lending payable	28,228,622	16,750,032	13,404,350
Other payables	<u>30,023,090</u>	<u>18,223,505</u>	<u>20,817,994</u>
Total liabilities	<u>58,251,712</u>	<u>34,973,537</u>	<u>34,222,344</u>
Total net assets	<u>\$ 2,322,703,695</u>	<u>\$ 2,216,908,485</u>	<u>\$ 1,951,435,274</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>2014</u>	<u>2013</u>	<u>2012</u>
Additions:			
Employer contributions	\$ 89,988,898	\$ 77,073,667	\$ 62,515,432
Member contributions	63,969,504	60,342,581	57,086,346
Net investment and other	<u>122,510,195</u>	<u>289,817,661</u>	<u>230,702,333</u>
Total additions	<u>276,468,597</u>	<u>427,233,909</u>	<u>350,304,111</u>
Deductions:			
Retiree benefits	150,239,008	141,424,206	134,135,553
Refunds of contributions	15,103,615	15,278,136	14,913,574
Administrative expenses	<u>5,330,764</u>	<u>5,058,356</u>	<u>3,343,924</u>
Total deductions	<u>170,673,387</u>	<u>161,760,698</u>	<u>152,393,051</u>
Net increase (decrease)	<u>\$ 105,795,210</u>	<u>\$ 265,473,211</u>	<u>\$ 197,911,060</u>

Revenues - Additions to Net Plan Assets

- In 2014, employer contributions increased by \$12.9 million (16.8%) compared to 2013. In 2013, employer contributions increased by \$14.6 million (23.3%) compared to 2012.
- Member contributions increased by \$3.6 million (6.0%) compared to 2013. In 2013, member contributions increased by \$3.3 million (5.7%) compared to 2012.
- Net investment income was \$122.5 million in 2014 compared to \$289.8 million in 2013 and \$230.7 million in 2012.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2014 and 2013**

Expenses - Deductions from Net Plan Assets

- Retiree benefits increased in 2014 by \$8.8 million (6.2%) compared to 2013, 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 \$7.3 million (5.4%) in 2013.
- Refunds of contributions decreased in 2014 by \$0.2 million (-1.1%) compared to amounts paid in 2013. In 2013, refunds increased \$0.4 million (2.4%) compared to amounts paid in 2012.

Changes in Plan Membership

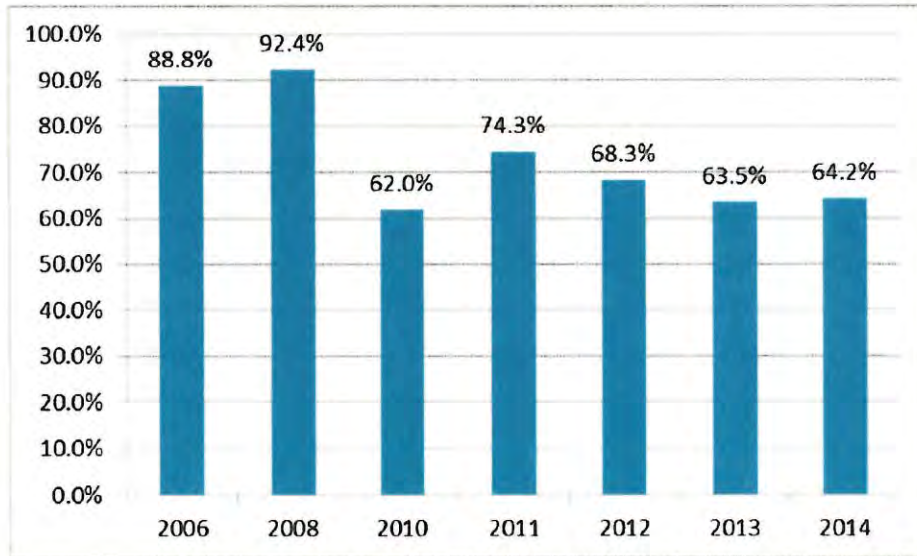
The table below reflects the active membership and retiree changes for the years ended December 31:

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Retirees and beneficiaries receiving benefits	<u>6,020</u>	<u>5,880</u>	2.4%
Current and terminated employees:			
Current employee members	8,746	8,604	1.7%
Terminated members entitled to, but not yet receiving benefits, Vested	1,188	1,170	1.5%
Terminated members not entitled to benefits beyond contributions and accumulated interest, Non-Vested	<u>935</u>	<u>866</u>	8.0%
Total	<u><u>10,869</u></u>	<u><u>10,640</u></u>	2.2%

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2014 and 2013

Funding Status

Schedule of Funding Progress
Funding Ratio
As of January 1st 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 2014, most active members contributed 10.03% of their salaries to the retirement fund and the City contributed 14.31%.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2014 and 2013**

Investment Activities

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

2014 Investment Performance

Total Portfolio	5.7%
Domestic Equities	13.1%
Benchmark: U.S. Equities Custom Index	10.1%
International Equities	(5.3%)
Benchmark: MSCI ACWI ex US IM/ND	(3.9%)
Fixed Income	5.6%
Benchmark: Barclays U.S. Universal Index	5.6%
Real Return	7.6%
Benchmark: CPI + 3%	3.7%
Private Equity	(2.1%)
Benchmark: ASP Custom Private Equity Index	16.8%
Real Estate	11.2%
Benchmark: Russell NCREIF Property Index	12.4%
Cash	5.8%
Benchmark: Citigroup 3-Month T-Bills	0.0%

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2014 and 2013**

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%

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 or you may mail your questions to:

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

FINANCIAL STATEMENTS

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET POSITION
December 31, 2014 and 2013

	2014	2013
Assets:		
Cash	\$ 2,726,099	\$ 41,672
Short-term investments	<u>113,206,404</u>	<u>42,433,040</u>
Total cash and short-term investments	<u>115,932,503</u>	<u>42,474,712</u>
Receivables:		
Members	2,901,009	2,737,213
Employer	4,203,851	2,991,610
Interest and dividends	4,052,719	4,171,873
Sales proceeds receivable	<u>6,237,050</u>	<u>5,726,852</u>
Total receivables	<u>17,394,629</u>	<u>15,627,548</u>
Investments, at fair value:		
Fixed income:		
U.S. government obligations	175,685,948	170,500,534
Domestic Corporate bonds	181,902,501	168,108,438
Mortgage-backed	118,076,247	115,343,657
Foreign sovereign	62,846,773	63,253,024
Domestic stocks	743,020,216	700,186,774
International stocks	590,547,932	624,912,362
Real estate	243,557,977	231,616,985
Alternative	<u>106,759,091</u>	<u>106,262,940</u>
Total investments, at fair value	<u>2,222,396,685</u>	<u>2,180,184,714</u>
Securities lending collateral	<u>25,231,590</u>	<u>13,595,048</u>
Total assets	<u>2,380,955,407</u>	<u>2,251,882,022</u>
Liabilities:		
Pensions payable and other	2,286,308	1,876,818
Obligations under securities lending	28,228,622	16,750,032
Investment commitments payable	<u>27,736,782</u>	<u>16,346,687</u>
Total liabilities	<u>58,251,712</u>	<u>34,973,537</u>
Net position held in trust for pension benefits	<u>\$ 2,322,703,695</u>	<u>\$ 2,216,908,485</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, 2014 and 2013

	2014	2013
Additions:		
Contributions:		
Employer	\$ 89,988,898	\$ 77,073,667
Member	<u>63,969,504</u>	<u>60,342,581</u>
Total contributions	<u>153,958,402</u>	<u>137,416,248</u>
Investment activities:		
Investment income:		
Net change in fair value of investments	93,680,606	267,444,451
Interest	11,584,482	8,377,595
Dividends	<u>25,542,523</u>	<u>22,327,842</u>
Net investment income	<u>130,807,611</u>	<u>298,149,888</u>
Securities lending activities:		
Securities lending income	23,941	11,511
Borrowing rebates	<u>216,063</u>	<u>64,217</u>
Total securities lending income	240,004	75,728
Securities lending management fees	<u>(59,989)</u>	<u>(18,925)</u>
Net income from securities lending	<u>180,015</u>	<u>56,803</u>
Investment activity expenses:		
Investment management fees	(7,802,096)	(7,606,049)
Investment consultant fees	(333,389)	(499,140)
Investment custodial fees	<u>(341,946)</u>	<u>(283,841)</u>
Total investment activity expenses	<u>(8,477,431)</u>	<u>(8,389,030)</u>
Net income from investment activities	<u>122,510,195</u>	<u>289,817,661</u>
Total additions	<u>276,468,597</u>	<u>427,233,909</u>
Deductions:		
Benefits	150,239,008	141,424,206
Refunds of contributions	15,103,615	15,278,136
Administrative expenses	<u>5,330,764</u>	<u>5,058,356</u>
Total deductions	<u>170,673,387</u>	<u>161,760,698</u>
Net change	105,795,210	265,473,211
Net position held in trust for pension benefits		
Beginning of year	<u>2,216,908,485</u>	<u>1,951,435,274</u>
End of year	<u>\$ 2,322,703,695</u>	<u>\$ 2,216,908,485</u>

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

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

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 50 members in this category). There are currently 6,020 retirees and beneficiaries receiving benefits, and 8,746 active members of the System. There are 1,188 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.

Government Accounting Standards Board Standard No. 67, *Financial Reporting for Pension Plans*, is effective to fiscal years ending after June 15, 2014 and has been implemented in the financial statements prepared by SCERS for the year ended December 31, 2014. This statement addresses accounting and financial reporting requirements for pension plans that are administered through trusts. GASB 67 requires a change in actuarial calculation of total and net pension liability in addition to changes in the presentation of plan financial statements, expanded note disclosures and additional required supplementary information.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

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 hedge funds, 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 year they are due to the System.

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

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 in 2014 and 2013 and 14.31% and 12.89% for the employer in 2014 and 2013, respectively. There are no long-term contracts for contributions outstanding and currently no legally required reserves. See pg. 28 in the RSI for additional information on assumptions used in calculating the actuarially determined contribution rates.

Note 4 - Cash

SCERS' 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

Investment policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the SCERS Board by a majority vote of its members. It is the policy of the SCERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2014:

Asset Class	Target Allocation
Equity: Public	51.0%
Equity: Private	7.0%
Fixed Income: Broad	20.0%
Fixed Income: Inflation Linked	5.0%
Real Assets: Real Estate	13.0%
Diversifying Strategies	4.0%
Total	100.0%

Note 5 – Investments (Continued)

Money-weighted rate of return – As of December 31, 2014, the return for the System, based on a money-weighted rate of return methodology was 5.67%.

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. Alternative investments, as presented in the statement of plan net position, currently include private equity and hedge 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.

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 22 and 23.

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.

Note 5 – Investments (Continued)

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 20 and 21.

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, 2014 and 2013

Note 5 – Investments (Continued)

The System's exposure to foreign currency risk in U.S. dollars as of December 31, 2014, 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	\$ 1,141,827	\$ -	\$ 4,062,374	\$ 19,059	\$ 5,223,260
Brazil Real	-	(1,476)	(27,623)	-	(29,099)
Canadian Dollar	-	717,850	8,700,730	6,590	9,425,170
Columbian Peso	-	560,553	(555,224)	-	5,329
Danish Krone	2,434,401	2,336,600	(3,303,226)	3,584	1,471,359
Euro Currency Unit	22,713,984	12,006,124	(10,570,506)	155,743	24,305,345
Hong Kong Dollar	6,842,068	-	(4,054,212)	24,289	2,812,145
Hungarian Forint	-	-	5,514	-	5,514
Indian Rupee	-	-	1,158,506	-	1,158,506
Israeli Shekel	-	-	531,078	62	531,140
Japanese Yen	5,325,096	201,102	11,251,909	14,039	16,792,146
Mexican New Peso	-	4,331,428	(1,278,420)	170,947	3,223,955
New Zealand Dollar	-	2,199,187	(1,624,088)	27,934	603,033
Norwegian Krone	8,215,377	-	(6,929,488)	231	1,286,120
Polish Zloty	-	-	2,290	-	2,290
Pound Sterling	23,151,493	17,901,666	(21,728,329)	1,315	19,326,145
Singapore Dollar	1,050,744	-	248,905	2,999	1,302,648
South Korean Won	-	-	2,904	-	2,904
Swedish Krona	2,048,254	759,310	54,935	485	2,862,984
Swiss Franc	<u>6,032,773</u>	<u>-</u>	<u>2,379,905</u>	<u>49,834</u>	<u>8,462,512</u>
Total	\$ 78,956,017	\$ 41,012,344	\$ (21,672,066)	\$ 477,111	\$ 98,773,406

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	-	-	-	-	-
Total	\$ 83,596,447	\$ 35,913,709	\$ (30,921,611)	\$ 277,941	\$ 88,866,486

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

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, 2014 are summarized in the following table.

Currency Type	Purchases	Unrealized Gain/Loss	Sells	Unrealized Gain/Loss	Total Unrealized Gain/Loss
Australian Dollar	\$ 7,184,808	\$ 14,308	\$ 11,507,361	\$ (274,487)	\$ (260,179)
Brazil Real	89,956	2,408	60,957	(1,032)	1,376
Canadian Dollar	1,201,114	6,422	10,016,444	(121,026)	(114,604)
Columbian Peso	591,210	25,669	12,873	(2,556)	23,113
Danish Krone	3,713,259	108,031	309,197	(7,195)	100,836
Euro Currency Unit	34,931,154	702,124	24,100,289	(441,765)	260,359
Hong Kong Dollar	4,054,998	786	-	-	786
Hungarian Forint	300,858	22,123	303,124	(18,876)	3,247
Indian Rupee	-	-	1,175,662	(17,155)	(17,155)
Israeli Shekel	-	-	535,587	(4,509)	(4,509)
Japanese Yen	15,773,777	74,557	27,145,273	(194,143)	(119,586)
Mexican New Peso	1,354,593	66,262	9,962	(50)	66,212
New Zealand Dollar	3,484,950	(12,763)	1,862,745	10,880	(1,883)
Norwegian Krone	9,085,550	798,836	1,430,071	(72,846)	725,990
Polish Zloty	194,131	11,869	196,132	(11,581)	288
Pound Sterling	39,983,884	65,809	18,129,997	59,747	125,556
Singapore Dollar	-	-	256,200	(7,295)	(7,295)
South Korean Won	228,900	1,100	227,851	2,851	3,951
Swedish Krona	765,917	41,626	831,525	(52,300)	(10,674)
Swiss Franc	300,064	4,936	2,751,374	(76,341)	(71,405)
Total	\$ 123,239,123	\$ 1,934,103	\$ 100,862,624	\$ (1,229,679)	\$ 704,424

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 5 – Investments (Continued)

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

Currency Type	Purchases	Unrealized Gain/Loss	Sells	Unrealized Gain/Loss	Total Unrealized Gain/Loss
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	-	-	-	-	-
Total	\$ 95,467,077	\$ (1,329,971)	\$ 65,574,217	\$ 301,220	\$ (1,028,751)

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 and 2013

Note 5 - Investments (Continued)

As of December 31, 2014, 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	\$ 118,202,355	\$ 20,439,937	\$ 55,823,557	\$ 31,534,478	\$ 10,404,383
Treasury Inflation-Protected Securities	47,100,605	16,841,953	5,498,120	9,596,321	15,164,211
Agencies	5,432,209	-	2,339,627	868,768	2,223,814
Municipal	4,950,780	1,455,033	438,169	402,215	2,655,363
Mortgage-Backed:					
Government Pass Through	78,783,268	27,206,174	-	3,673,761	47,903,333
Corporate Pass Through	12,958,250	-	-	-	12,958,250
Government CMO's	26,334,729	1,857,512	4,460,189	2,152,034	17,864,994
Corporate:					
Bonds	112,564,098	55,499,919	25,801,218	16,668,296	14,594,665
Asset-Backed	11,243,209	3,154,405	3,240,332	2,674,324	2,174,148
Private Placement	58,095,195	1,939,694	15,196,111	13,494,777	27,464,613
Foreign Sovereign:					
Bonds	62,846,772	20,388,618	3,846,310	18,547,894	20,063,950
Total Fixed Income	\$ 538,511,470	\$ 148,783,245	\$ 116,643,633	\$ 99,612,868	\$ 173,471,724

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 and 2013

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
Total Fixed Income	\$ 508,873,704	\$ 17,029,619	\$ 171,307,206	\$ 160,876,439	\$ 159,660,440

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 5 - Investments (Continued)

As of December 31, 2014, 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	
Fixed Income									
U.S. Government:									
Treasury Notes and Bonds	\$ 118,202,356	\$ -	\$ 99,993,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,209,262
Treasury Inflation-Protected Securities	47,100,605	-	30,258,652	-	-	-	-	-	16,841,953
Agencies	5,432,208	-	5,362,816	-	-	-	-	-	69,392
Municipal	4,950,780	858,210	1,184,991	1,452,546	-	-	-	-	1,455,033
Mortgage-Backed:									
Government Pass Through	78,783,268	-	51,577,094	-	-	-	-	-	27,206,174
Corporate Pass Through	12,958,250	2,333,186	563,710	1,965,771	1,502,852	21,218	-	-	6,571,513
Government CMO's	26,334,729	-	14,307,194	261,999	281,352	827	-	426,067	11,057,290
Corporate:									
Bonds	112,564,098	1,794,396	6,355,841	35,936,301	29,849,036	1,283,586	-	-	37,344,938
Asset-Backed	11,243,209	5,162,148	1,942,647	23,483	-	-	94,137	728,351	3,292,443
Private Placement	58,095,195	2,729,565	11,054,997	17,036,954	13,098,009	3,159,011	2,361,999	701,647	7,953,013
Foreign Sovereign:									
Bonds	62,846,773	2,579,623	2,199,187	4,724,281	2,141,182	-	-	-	51,202,500
Total Fixed Income	\$ 538,511,471	\$ 15,457,128	\$ 224,800,223	\$ 61,401,335	\$ 46,872,431	\$ 4,464,642	\$ 2,456,136	\$ 1,856,065	\$ 181,203,511

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

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											
		AAA	AA	A	BBB	BB	B	CCC& Below	Not Rated				
Fixed Income													
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
Mortgage-Backed:													
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
Corporate:													
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	-	-	-	-	-	-	5,729,971
Foreign Sovereign:													
Bonds	63,364,293	5,922,992	3,144,595	3,023,151	1,957,227	599,910	-	-	-	-	-	-	48,716,418
Total Fixed Income	\$ 508,873,704	\$ 18,553,407	\$ 201,773,369	\$ 55,119,666	\$ 46,850,412	\$ 5,696,273	\$ 1,293,114	\$ 2,268,423	\$ -	\$ -	\$ -	\$ -	\$ 177,319,040

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

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, 2014, the fair value of securities on loan was \$27,013,522. Associated cash collateral totaling \$28,228,622 was received. The fair market value of the reinvested collateral was \$25,231,590 at December 31, 2013, which includes an unrealized loss totaling \$2,997,032.

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.

Note 7 – Commitments

The System has entered into capital commitments to fund partnership interests in certain alternative investments. At December 31, 2014, the System has unfunded commitments of \$296,265,806 to these partnerships.

Note 8 – Net Pension Liability

The components of the net pension liability as of December 31, 2014 were as follows:

Total Pension Liability	\$3,430,722,236
Plan Fiduciary Net Position	<u>2,322,703,695</u>
Net Pension Liability	<u>\$1,108,018,541</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 67.7%

Note 8 – Net Pension Liability (Continued)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2014, and rolled forward using generally accepted actuarial procedures to December 31, 2014, using the following actuarial assumptions, applied to all periods including the measurement period:

Investment Rate of Return:	7.50% compounded annually, net of expenses
Salary Increases:	4.00%
Mortality:	Various rates based on RP-2000 mortality tables and using generational projection of improvement using Projection Scale AA.

- * The investment return assumption was changed from 7.75% from the prior year valuation to 7.50% for the current year valuation.
- * The annual assumed membership growth was reduced from 1.0% to 0.5% for the current year valuation.
- * The actuarial assumptions used in the January 1, 2014 valuation, and the mortality tables included in Appendix A of the valuation, were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 (see discussion of pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity: Public	4.93%
Equity: Private	6.50%
Fixed Income: Broad	1.35%
Fixed Income: Inflation Linked	1.25%
Real Assets: Real Estate	3.25%
Diversifying Strategies	3.75%

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 and 2013

Note 8 – Net Pension Liability (Continued)

The above table reflects the expected (30 year) real rate of return for each major asset class. The expected inflation rate is projected at 3.25% for the same time period.

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

Sensitivity of the net pension liability. The following presents the net pension liability of the System, calculated using the discount rate of 7.50%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
\$1,529,053,497	\$1,108,018,741	\$753,951,334

REQUIRED SUPPLEMENTARY INFORMATION

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(Dollar Amounts in Millions)

	<u>December 31, 2014</u>
Total pension liability	
Service Cost	\$ 94,017,562
Interest	241,885,785
Benefit changes	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefits payments	(150,239,008)
Refunds of contributions	<u>(15,103,615)</u>
Net change in total pension liability	170,560,724
Total pension liability - beginning	<u>3,260,161,712</u>
Total pension liability - ending (a)	<u>3,430,722,436</u>
Plan net position	
Contributions - employer	89,988,898
Contributions - member	63,969,504
Net investment income	122,510,195
Benefits payments	(150,239,008)
Administrative expense	(5,330,764)
Refunds of contributions	(15,103,615)
Other	-
Net change in plan net position	<u>105,795,210</u>
Plan net position - beginning	<u>2,216,908,485</u>
Plan net position - ending (b)	<u>2,322,703,695</u>
Net pension liability - ending (a) - (b)	<u>\$ 1,108,018,741</u>
Ratio of plan net position to total pension liability -- (b) / (a)	67.70%
Covered employee payroll	\$ 630,926,000
Net pension liability as a percentage of covered-employee payroll	175.62%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined employer contribution	\$ 94,018,000	\$ 83,770,119	\$ 67,061,747	\$ 72,346,935	\$ 93,923,454	\$ 46,933,422	\$ 46,245,324	\$ 40,114,562	\$ 37,754,849	\$ 34,094,865
Actual employer contributions	89,988,898	77,073,667	62,515,432	50,301,263	45,224,787	46,650,169	45,961,040	40,299,506	37,939,358	35,897,345
Annual contribution deficiency (excess)	4,029,102	6,696,452	4,546,315	22,045,672	48,698,667	283,253	284,284	(184,944)	(184,509)	(1,802,480)
Covered-employee payroll	630,926,000	597,900,000	567,800,000	557,000,000	563,200,000	580,900,000	572,400,000	501,900,000	472,500,000	447,000,000
Actual contributions as a percentage of covered-employee payroll	14.26%	12.89%	11.01%	9.03%	8.03%	8.03%	8.03%	8.03%	8.03%	8.03%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the fiscal year in which the contributions will apply.
Methods and Assumptions used to determine contribution rates for fiscal year 2014 are:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent
Remaining amortization per Closed 30 years as of January 1, 2013 Valuation	
Asset valuation method	5 years smoothed, Non-asymptotic
Inflation	3.25%
Salary increases	4.00%, differs slightly from actuarial valuation due to exclusion of 0.50% active membership growth assumption for GASB calculations.
Investment rate of return	7.50%, net of pension plan investment expense, and gross of administrative expenses
Cost of Living Adjustments	As noted in the January 1, 2014 actuarial valuation.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RETURNS
(Dollar Amounts in Millions)

2014

Total Portfolio 5.67%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ADDITIONAL INFORMATION

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF ADMINISTRATIVE EXPENSES
Years Ended December 31, 2014 and 2013

	Budget	Actual Expense	
	2014	2014	2013
Personnel Services			
Salaries	\$ 1,668,433	\$ 1,799,299	\$ 1,503,736
Benefits	<u>590,786</u>	<u>591,828</u>	<u>824,854</u>
Total Personnel Services	<u>2,259,219</u>	<u>2,391,127</u>	<u>2,328,590</u>
Maintenance and Operations			
Professional Services	682,341	1,132,389	1,022,691
Office rent	215,853	209,299	229,996
Data processing and central costs	1,230,825	1,270,343	1,197,169
Office supplies and other expenses	272,187	236,716	188,758
Postage and telephone	56,533	45,673	46,096
Travel	65,387	34,004	31,360
Training	<u>18,782</u>	<u>11,213</u>	<u>13,696</u>
Total Maintenance and Operations	<u>2,541,908</u>	<u>2,939,637</u>	<u>2,729,766</u>
Total Administrative Expenses	<u>\$ 4,801,127</u>	<u>\$ 5,330,764</u>	<u>\$ 5,058,356</u>

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT EXPENSES
Year Ended December 31, 2014

Investment Management Fees:	
Attucks Cap	\$ 38
Babson Tower Square Partners II	37,916
BlackRock	517,220
Bison Capital Equity Partners II	13,899
Capri	15,932
Carlyle Mezzanine Partners	136,834
Dimensional	321,957
Enhanced RAFI International	344,270
Fisher Investments	766,927
Jp Morgan	2,204,661
Nogales Investors Fund II	41,416
Oaktree Capital Mezzanine Fund II	60,073
Parametic	365,201
PCCP	79,241
PIMCO	1,305,773
Pugh Capital	194,538
Reams Asset Management	345,146
Rhumbine	113,707
Russell	225,673
Smith Whiley Pelham Fund III	70,939
TA Associates	282,790
Western Asset Management	<u>357,945</u>
Total Investment Management Fees	<u>7,802,096</u>
Performance Measurement:	
Pension Consulting Alliance	114,570
NEPC	218,819
Custodial Services:	
Bank of New York Mellon	<u>341,946</u>
Total Investment Expenses	<u>\$ 8,477,431</u>
Securities Lending Services:	
Bank of New York Mellon	<u>\$ 59,989</u>

ACTUARIAL

Actuarial Valuation

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Seattle City Employees' Retirement System



Actuarial Valuation

As of January 1, 2014

By

Nick J. Collier

Associate, Society of Actuaries
Member, American Academy of Actuaries

And

Jennifer Sorensen Senta

Associate, Society of Actuaries
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July 10, 2014

Retirement Board
Seattle City Employees' Retirement System
720 Third Avenue, Suite 900
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, 2014. This report reflects the benefit provisions and contribution rates in effect as of January 1, 2014.

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.

This valuation report is only an estimate of the System's financial condition as of a single date. It can neither predict the System's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of System benefits, only the timing of System contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

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

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Retirement Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix A at the May 8, 2014 meeting.

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' 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.

The signing actuaries are independent of the City of Seattle. We are not aware of any relationship that would impair the objectivity of our work.

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.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Nick Collier".

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

NJC/JDS/nlo

A handwritten signature in black ink that reads "Jennifer Sorensen Senta".

Jennifer Sorensen Senta, ASA, MAAA
Consulting Actuary

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Section 1 Summary of the Findings



Overview

	January 1, 2014	January 1, 2013
Total Actuarial Contribution Rate	25.76%	24.34%
Funding Ratio	64.2%	63.5%

We are pleased to present the results of the January 1, 2014 actuarial valuation. This valuation determines the recommended contribution rates payable beginning January 1, 2015. Several key points of the valuation are summarized as follows:

- 2014 Assumption Changes:** At the May Board of Administration meeting, the Board adopted new assumptions based on the 2014 Investigation of Experience Report. The adopted assumptions included a decrease in the investment return assumption to 7.50%, a decrease in the annual assumed membership growth to 0.50%, and a slight increase in life expectancies for healthy male retirees. All assumption changes have been reflected in this January 1, 2014 actuarial valuation report, as outlined in Appendix A of this report.
- Investment Returns:** For the year ending December 31, 2013, the SCERS assets returned around 15% on a market basis (gross of investment expenses), a rate of return greater than the assumed rate. From January 1, 2013 to December 31, 2013, the SCERS assets were assumed to earn 7.75% (based on the investment return assumption in effect at January 1, 2013). The result is an actuarial gain on assets for the 2013 year. Note that only one-fifth of this gain will be recognized in the current year Actuarial Value of Assets (AVA), due to the asset smoothing method; see Section 3 of this report for details. Currently, a net asset gain is being deferred in the AVA; this implies that, if all actuarial assumptions were met in future years, the recommended contribution rate would be expected to decrease in future years.
- City Contribution Rate:** The recommended total contribution rate has increased from the prior valuation, from 24.34% to 25.76% of payroll. Since the employees contribute a fixed 10.03% of pay, the recommended employer contribution rate has increased from 14.31% of pay to 15.73%.

The most significant factor causing this increase was the implementation of new assumptions with the 2014 Investigation of Experience. See the section below titled "Analysis of Change" for more details.

**Overview
(continued)**

- **Funding Progress:** On the basis of the January 1, 2013 actuarial valuation, the Funding Ratio (which is measured as the Actuarial Value of Assets divided by the Actuarial Accrued liability) was 63.5%. Based on the January 1, 2014 valuation, the Funding Ratio is 64.2%. The most significant factor causing this increase was the recognition of deferred asset gains, as well as the current year asset gain, in the Actuarial Value of Assets. This was somewhat offset by the implementation of the new assumptions with the 2014 Investigation of Experience. See the section below titled "Analysis of Change" for more details. Note that these Funding Ratios are calculated using the AVA; Funding Ratio results based on the Market Value of Assets are shown in Exhibit 1 at the end of this section.
- **Funding Policy:** In August 2013, the Seattle City Council passed a resolution to formally close the period over which any SCERS Unfunded Actuarial Accrued Liability (UAAL) will be amortized. This resolution stipulated that the 30-year amortization period would be closed as of the January 1, 2013 actuarial valuation. The result is that, for purposes of the January 1, 2014 valuation calculation, a 29-year remaining closed period is in effect.

The effect of closing the UAAL amortization period is that the total SCERS UAAL is now projected to be fully paid off over the next 29 years. It is our understanding that this policy may be further revised in future years.

**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, 2014, we recommend the total contribution rate be increased from 24.34% to 25.76%.

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

Based on a fixed member contribution rate of 10.03%, this means the City's contribution rate should be increased from 14.31% to 15.73% effective January 1, 2015. This reflects the City's commitment to fund the actuarial required contribution rate, which is based on a 29-year amortization of the UAAL beginning January 1, 2014.

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.

**Actuarial Required
 Contribution Rate
 (continued)**

It should be noted that this 25.76% of pay is calculated based on the Actuarial Value of Assets (AVA); see Section 3 of this report for details. This AVA is currently deferring a net actuarial asset gain of \$122.6 million under the asset smoothing method. This means that if no actuarial gains or losses occur in the future, the actuarial required contribution rate would decrease slightly over the next several years as the deferred asset gains are phased into the AVA.

We have performed a five-year projection of the contribution rates if 7.50% were returned on the market value of assets in each future year (and assuming that no other actuarial gains or losses occur). This projection shows the expected impact of recognizing the currently deferred asset gains and losses over time. The result is a decrease in the contribution rate over the next several years.

It is likely that the market value of assets will not return an annual average of exactly 7.50% over all future years. To show the potential impact of volatility in asset returns on the contribution rate, we have performed a projection of the contribution rates at the 5th and 95th percentile expected returns (thereby yielding a 90% asset-return-based confidence interval for the specified rates). These projections are shown in the chart below.

Projected Total Actuarial Required Contribution Rate		
Contribution Year*	Assuming 7.50% Future Returns	90% Asset Return Confidence Interval
2015	25.76%	25.76% - 25.76%
2016	25.31%	24.52% - 25.98%
2017	25.10%	23.29% - 26.71%
2018	24.55%	21.45% - 27.36%
2019	24.40%	19.80% - 28.41%
2020	24.08%	18.04% - 29.20%

* Contribution year lags valuation year by one year. For example: Contribution Year 2015 is based on the 2014 valuation results, amortized over 29 years beginning in 2014, if the increase takes place in 2015.

	Compounded Average Return for Period	
	Percentile	
	95th	5th
1-Year Period	27.9%	-9.9%
2-Year Period	21.5%	-5.2%
3-Year Period	18.7%	-3.0%
4-Year Period	17.1%	-1.7%
5-Year Period	16.1%	-0.8%



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Actuarial Required Contribution Rate (continued)

The 90% confidence interval results are based on the 5th and 95th 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.

See Section 8 of this report for a detailed discussion of the projected contribution rates.

Funding Progress

On the basis of the January 1, 2013 actuarial valuation, the Funding Ratio was 63.5%. Based on the January 1, 2014 valuation, the Funding Ratio is 64.2%. The increase in the Funding Ratio is due mainly to recognition of asset gains, both from prior years and from the current year. See Section 3 of this report for a full discussion.

The recognition of actuarial asset gains in the Funding Ratio was somewhat offset by the adoption of new assumptions with the 2014 Investigation of Experience.

See the following section titled Analysis of Change for more details.

Analysis of Change

The following chart shows the sources of change in the actuarial contribution rate and the funding ratio between the prior and current actuarial valuations.

Sources of Change	Actuarial Contrib. Rate	Funding Ratio
January 1, 2013 Actuarial Valuation	24.34 %	63.5 %
Expected Valuation-to-Valuation Change	-	0.8 %
Asset Gain/Loss on Actuarial Value	(0.44)%	1.6 %
Salary/Membership Growth Different Than Expected	(0.06)%	0.1 %
Changes in Assumptions	1.84 %	(1.6)%
Other	0.08 %	(0.2)%
Total Change	1.42 %	0.70 %
January 1, 2014 Actuarial Valuation	25.76 %	64.2 %

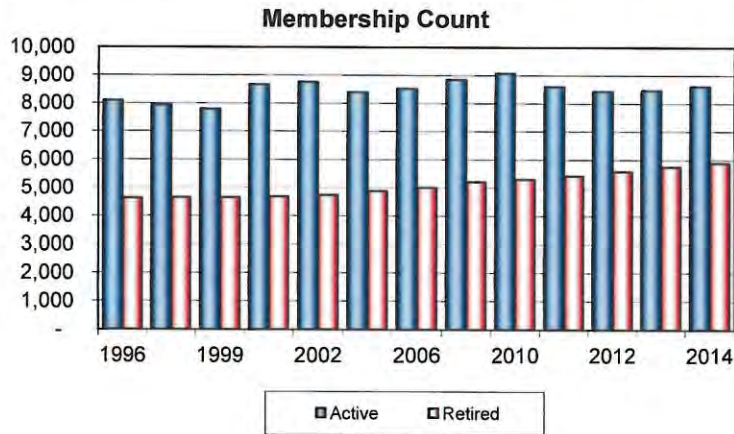
Contingent COLA Benefits

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.

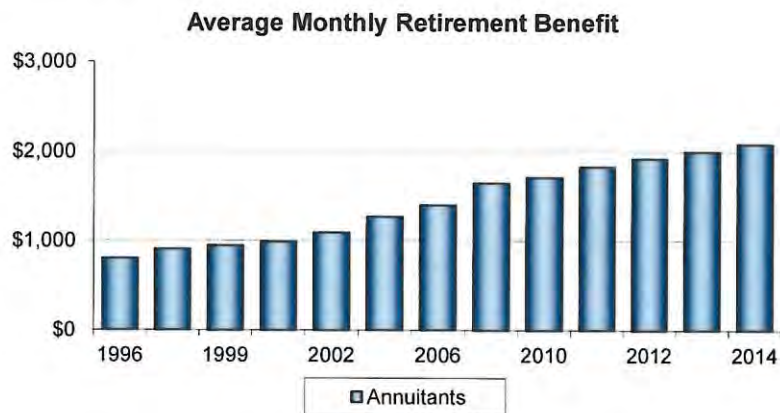
Since it is unknown when this benefit will become effective, especially given the current funded status of the System, we have not included the valuation of these potential benefit changes (i.e., the increase in the ROPP COLA to the 70% level) in this valuation. See Appendix A of this report for further details.

Membership Information

Total valuation payroll has increased by 4.7% since the 2013 valuation, and active membership has increased by 1.6% during this same period. As of January 1, 2014, the annualized payroll is \$607 million for 8,603 active members.



Retired member counts and average retirement benefit amounts continue to increase steadily. As of January 1, 2014, there were 5,880 retired members and beneficiaries with an average benefit of \$2,086 per month. This represents a 2.4% increase in count and a 4.2% increase in average benefit amount.



Analysis of Change in Member Population

The following table summarizes the year-to-year change in member population.

	Actives	Deferred Members*	Retirees/ Beneficiaries
January 1, 2013 Valuation	8,465	1,973	5,742
Termination with Refund / Death	(209)	(55)	(259)
Termination without Refund	(178)	178	-
Service Retirement	(268)	(55)	323
Disability Retirement	(1)	-	1
Rehires	16	(16)	-
New Records	779	11	73
Data Corrections	(1)	1	-
January 1, 2014 Valuation	8,603	2,037	5,880

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

Summary Exhibit

A summary of the key results of this valuation, along with a comparison to the January 1, 2013 valuation, is shown in Table 1.

Note that the valuation measures are based on the Actuarial Value of Assets, which recognizes asset gains and losses over a five-year period; however, we have also shown key measures using the Market Value of Assets (MVA).

Graphs 1 and 2 and the associated data table show historical asset and liability information, including the Present Value of Future Benefits (PVFB) and Present Value of Future Normal Costs (PVFNC), at previous valuation dates.

Seattle City Employees' Retirement System Actuarial Valuation

Table 1 Summary of Results

	Valuation January 1, 2014	Valuation January 1, 2013	Percentage Change
I. Total Membership			
A. Active Members	8,603	8,465	1.6%
B. Retired Members & Beneficiaries	5,880	5,742	2.4%
C. Vested Terminated Members*	2,037	1,973	3.2%
D. Total	16,520	16,180	2.1%
II. Pay as of Valuation Date			
A. Annual Total (\$millions)	\$ 606.9	\$ 579.4	4.7%
B. Annual Average	\$ 70,548	\$ 68,449	3.1%
III. Average Monthly Benefit Paid to Current Retirees and Beneficiaries			
A. Service Retirement	\$ 2,226	\$ 2,143	3.9%
B. Disability Retirement	1,235	1,156	6.8%
C. Surviving Spouse and Dependents	1,276	1,240	2.9%
D. Total	\$ 2,086	\$ 2,002	4.2%
IV. Actuarial Accrued Liability (\$millions)			
A. Active Members	\$ 1,603.1	\$ 1,511.9	6.0%
B. Retired Members	1,497.0	1,364.5	9.7%
C. Vested Terminated Members	160.0	148.9	7.5%
D. Total	\$ 3,260.1	\$ 3,025.3	7.8%
V. Assets			
A. Actuarial Value of Assets (\$millions)	\$ 2,094.3	\$ 1,920.1	9.1%
VI. Unfunded Actuarial Accrued Liability or Surplus Funding (\$millions)			
	\$ 1,165.8	\$ 1,105.2	5.5%
VII. Amortization of UAAL			
Total Contribution Rate Needed for 29-Year** Amortization (as a % of Payroll)	25.76%	24.34%	5.8%
VIII. Funding Ratio			
	64.2%	63.5%	1.2%
IX. Normal Cost as a Percent of Salary			
	15.79%	14.95%	5.6%
Market Value of Assets (MVA) -- For Informational Purposes Only			
X. Assets Based on MVA			
A. Market Value of Assets (\$millions)	\$ 2,216.9	\$ 1,951.4	13.6%
XI. Amortization of UAAL Based on MVA			
A. Total Contribution Rate Needed for 29-Year** Amortization (as a % of Payroll)	24.67%	24.06%	2.5%
XII. Funding Ratio Based on MVA			
	68.0%	64.5%	5.4%

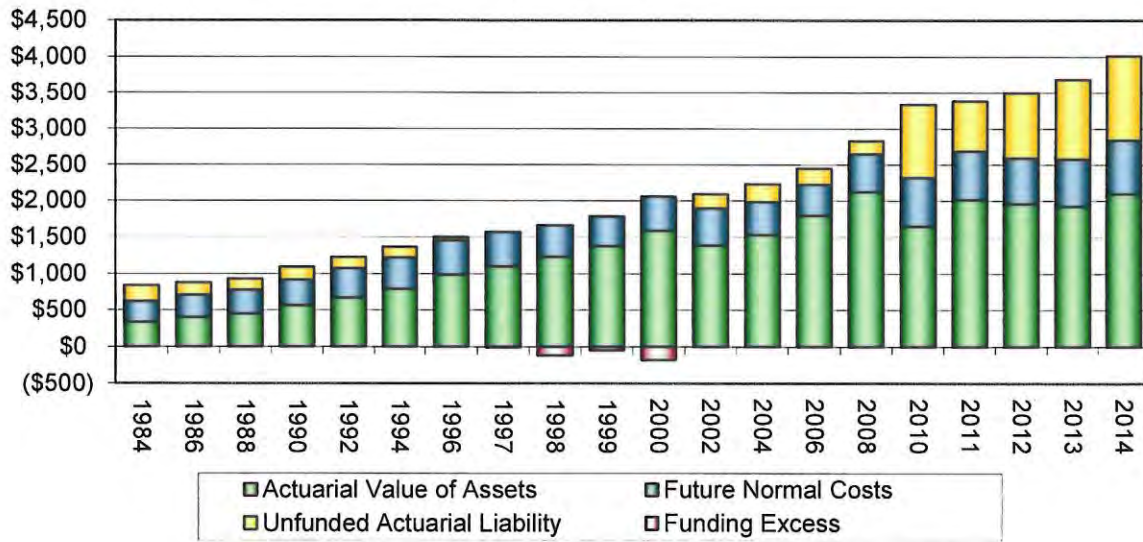
* Includes non-vested terminated members whose contributions are still on deposit with SCERS as of valuation date.

** Amortization method is closed 30-year beginning with January 1, 2013 valuation. 2013 values shown are over 30 years.

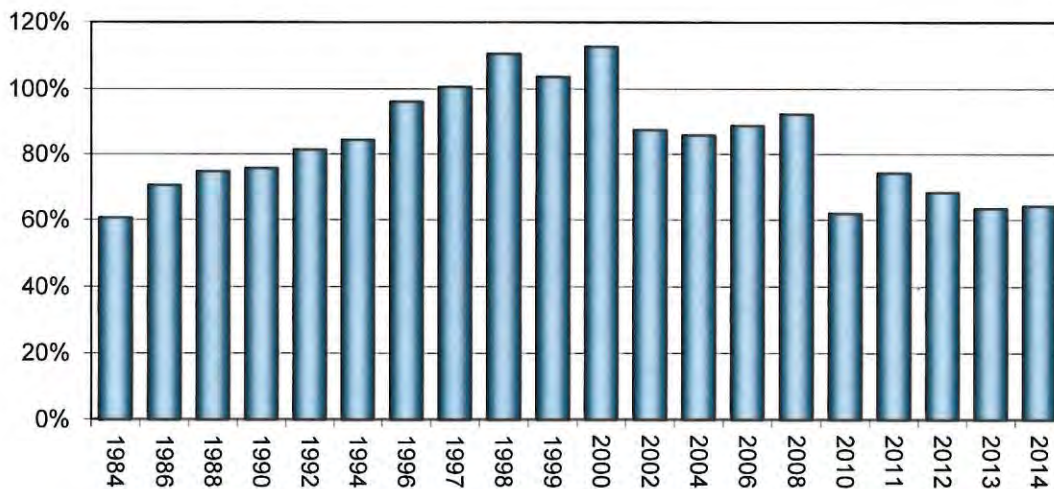


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Graph 1 Historical Asset and Liability Comparison



Graph 2 Historical Funding Ratios



Year	(in \$Millions)				Funding Ratio
	PVFB	Assets	PVFC	UAAL	
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%
2014	4,007.3	2,094.3	747.2	1,165.8	64.2%



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Section 2 Scope of the Report



This report presents the actuarial valuation of the Seattle City Employees' Retirement System as of January 1, 2014.

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, 2014, 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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Section 3 Assets



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, 2014. 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.

Financial Exhibits

Table 2 shows the calculation of the Actuarial Value of Assets as of January 1, 2014. Note that a net gain is currently being deferred. This means that, if the system earns 7.50% 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.

Tables 3 and 4 summarize the financial resources of the System on January 1, 2014 on a Market Value basis. Table 3 shows the Market Value of Assets at January 1, 2014 and January 1, 2013. Table 4 shows the changes in Market Value of Assets during the year ending January 1, 2013 and the year ending January 1, 2014.

Tables 3 and 4 are taken directly from data furnished to us by SCERS staff. We have accepted these tables for use in this report without audit, but we have reviewed them for reasonableness and consistency with previous reports.

Actuarial Asset Method

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.

**Actuarial Asset Method
 (continued)**

The following graph shows a historical comparison of the actuarial and market assets used for valuation purposes. Note that prior to 2011 the AVA was equal to the MVA.



**Prior to 2010, actuarial valuations were only performed every second year.*

Table 2 Calculation of Actuarial Value of Assets at January 1, 2014
 (All dollar amounts in millions)

Year Ended	Market Value at Beginning of Year	Total Contributions	Benefit Payments Plus Admin. Expenses	Expected Investment Return	Market Value of Assets		Asset Gain/(Loss)	Current Phase Out	Deferred Amount
					Expected*	Actual			
December 31, 2009	1,477.4	93.0	120.3	113.5	1,563.6	1,645.3	81.7	0%	-
December 31, 2010	1,645.3	90.6	131.7	125.9	1,730.1	1,812.8	82.7	20%	16.5
December 31, 2011	1,812.8	100.7	140.7	139.0	1,911.8	1,753.5	(158.3)	40%	(63.3)
December 31, 2012	1,753.5	119.6	152.4	134.6	1,855.3	1,951.4	96.1	60%	57.7
December 31, 2013	1,951.4	137.4	161.8	150.3	2,077.3	2,216.9	139.6	80%	111.7
Total Deferred at Jan. 1, 2014:									122.6
Market Value of Assets at Jan. 1, 2014:									2,216.9
Less Total Deferred at Jan. 1, 2014:									122.6
Actuarial Value of Assets at Jan. 1, 2014:									2,094.3

*Expected Market Value of Assets assumes 7.75% return, taking into account actual cashflows during year. This expected rate of return reflects the assumption in effect as of each previous year's actuarial valuation.

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

	January 1, 2014		January 1, 2013	
	Market Value	Distribution	Market Value	Distribution
Assets				
Cash and short-term investments	42,474,712	1.9%	51,082,867	2.6%
Securities lending collateral	13,595,048	0.6%	10,154,781	0.5%
Receivables				
Employee	2,737,213	0.1%	2,452,509	0.1%
Employer	2,991,610	0.1%	2,230,401	0.1%
Interest and Dividends	4,171,873	0.2%	2,324,732	0.1%
Sales Proceeds Receivable	<u>5,726,852</u>	0.3%	<u>3,086,954</u>	0.2%
Total Receivables	15,627,548	0.7%	10,094,596	0.5%
Investments at fair value				
Fixed Income				
US Government obligations	170,500,534	7.7%	123,684,185	6.3%
Corporate bonds	168,108,438	7.6%	150,579,401	7.7%
Mortgage backed	115,343,657	5.2%	113,394,160	5.8%
Foreign sovereign	63,253,024	2.9%	54,363,415	2.8%
Domestic stocks	700,186,774	31.6%	581,330,209	29.8%
International stocks	624,912,362	28.2%	554,959,429	28.4%
Real estate	231,616,985	10.4%	216,761,221	11.1%
Alternative	<u>106,262,940</u>	4.8%	<u>119,253,354</u>	6.1%
Total investments	2,180,184,714	98.3%	1,914,325,374	98.1%
Total assets	2,251,882,022	101.6%	1,985,657,618	101.8%
Liabilities				
Pension & Other payables	1,876,818	-0.1%	1,667,979	-0.1%
Securities lending obligation	16,750,032	-0.8%	13,404,350	-0.7%
Investment commitments payable	<u>16,346,687</u>	-0.7%	<u>19,150,015</u>	-1.0%
Total Liabilities	34,973,537	-1.6%	34,222,344	-1.8%
Market Value of Net Assets Held in Trust For Pension Benefits				
	2,216,908,485	100.0%	1,951,435,274	100.0%

Table 4 Summary of Changes in Plan Net Assets (at Market Value)

	January 1, 2014 Market Value	January 1, 2013 Market Value
Additions		
Contributions		
Employer	77,073,667	62,515,432
Employee	60,342,581	57,086,346
Total contributions	<u>137,416,248</u>	<u>119,601,778</u>
Investment activities		
Investment income (loss)		
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 (loss)	<u>298,149,888</u>	<u>237,691,131</u>
Securities lending activities		
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	<u>56,803</u>	<u>74,071</u>
Investment activity expenses		
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	<u>(8,389,030)</u>	<u>(7,062,869)</u>
Total additions	427,233,909	350,304,111
Deductions		
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	<u>161,760,698</u>	<u>152,393,051</u>
Net Increase/(Decrease)	265,473,211	197,911,060
Net position held in trust for pension benefits		
Beginning of Year	1,951,435,274	1,753,524,214
End of Year	2,216,908,485	1,951,435,274



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Section 4 Actuarial Liabilities



Actuarial Present Value of Future Benefits

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, 2014. In this section, the discussion will focus on the commitments of the System, which will be referred to as its actuarial liabilities (or, actuarial value of future benefits).

In an active system, the present value of future actuarial liabilities will almost always exceed the actuarial assets. This is usually expected in all but a fully closed down fund, where no further contributions of any sort are anticipated. This deficiency has to be provided for by future contributions. The funding method for the system sets out a schedule of future contributions that will deal with any deficiency in an orderly fashion. The determination of the level of future contributions needed is discussed in the next section (Section 5) of this report.

Table 5 contains an analysis of the actuarial present value of all future benefits for contributing members, former contributing members, and beneficiaries. The analysis is given by type of benefit.

The actuarial liabilities summarized in Table 5 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 current 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.

The actuarial assumptions used to determine the liabilities are based on the results of the 2014 Investigation of Experience Report. New assumptions were adopted by the Board effective with this January 1, 2014 actuarial valuation. See Appendix A of this report for details.

Actuarial Cost Method

The method used to determine how the actuarial cost for an individual (or for the System as a whole) is allocated to past and future years is referred to as the actuarial cost method. For this valuation, the individual entry age normal cost (EANC) method has been used.

Under this method, the actuarial liabilities discussed above are allocated into two primary calculation components:

1. A normal cost
2. An actuarial accrued liability

**Normal Cost and
Actuarial Accrued
Liability**

The normal cost under the EANC method is developed so that benefits are allocated 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 the EANC method is that normal costs tend to be stable from year to year (assuming no change in assumptions or benefit provisions) because most members' entry age cost percentages do not change materially from year to year, and because the population typically does not change considerably from year to year. The normal cost rates as a percentage of payroll for the current and prior valuation are shown by benefit type in Table 6. These normal cost contribution rates are intended to be contributed in each year in order to fund the ongoing cost of benefit accruals.

The annual normal cost rate may be considered the ongoing cost of benefit accruals for any given plan year. When the present value of all future normal costs is subtracted from the present value of total benefits, the result is the actuarial accrued liability (AAL). This can be thought of as the current value of all past normal costs, or the amount that would be in the fund if all prior actuarial assumptions had been exactly met. The AAL represents the portion of the present value of total benefits that the cost method allocates to past service.

To the extent that this AAL exceeds plan assets, an unfunded actuarial accrued liability (UAAL) exists. Table 7 calculates the UAAL, if any, for the current and prior valuations. Note that currently, a UAAL exists for SCERS; the payoff of this UAAL is discussed in more detail in Section 5 (City Contributions) of this report.

Table 5 Actuarial Present Value of Future Benefits (PVFB)
 (\$ Millions)

	January 1, 2014	January 1, 2013
A. Active Members		
Service Retirement	\$ 2,227.6	\$ 2,038.3
Vested Retirement	59.2	57.0
Disability Retirement	6.6	12.0
Survivor Benefits	21.4	25.1
Refund of Member Contributions	<u>35.5</u>	<u>34.0</u>
Total	\$ 2,350.3	\$ 2,166.4
B. Inactive Members and Annuitants		
Service Retirement	\$ 1,391.4	\$ 1,261.9
Disability Retirement	9.5	9.6
Beneficiaries	96.1	93.0
Inactive Members	<u>160.0</u>	<u>148.9</u>
Total	\$ 1,657.0	\$ 1,513.4
C. Grand Total PVFB	\$ 4,007.3	\$ 3,679.8

Table 6 Normal Cost Contribution Rates as Percentages of Salary

	January 1, 2014	January 1, 2013
Service Retirement	12.49 %	11.63 %
Vested Retirement	1.25	1.26
Disability Retirement	0.07	0.14
Survivor Benefits	0.18	0.19
Refund of Member Contributions	1.20	1.33
Administrative Expenses	<u>0.60</u>	<u>0.40</u>
Total	15.79 %	14.95 %

Table 7 Unfunded Actuarial Accrued Liability (UAAL)
 (\$ Millions)

	January 1, 2014	January 1, 2013
A. Actuarial present value of all future benefits for present and former members and their survivors (Table 3)	\$ 4,007.3	\$ 3,679.8
B. Less actuarial present value of total future normal costs for present members	747.2	654.5
C. Actuarial accrued liability* [A - B]	\$ 3,260.1	\$ 3,025.3
D. Less actuarial value of assets available for benefits (Table 2)	<u>2,094.3</u>	<u>1,920.1</u>
E. Unfunded actuarial accrued liability (Funding Excess, if negative) [C - D]	\$ 1,165.8	\$ 1,105.2
F. Funding Ratio [D ÷ C]	64.2%	63.5%

*The actuarial accrued liability as of January 1, 2015 is projected to be \$3,429.5 million.

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Section 5 City Contributions



As shown in Table 7 in the previous section of this report, the AAL exceeds the current Actuarial Value of Assets. In other words, as of the January 1, 2014 valuation, a UAAL exists for SCERS.

Because a UAAL exists, the total calculated actuarial contribution rate will consist of two components:

1. The normal cost contribution rate as of January 1, 2014
2. An amortization payment intended to pay off the UAAL in accordance with the SCERS funding policy

Funding

The current SCERS funding policy was updated by a Seattle City Council resolution in August 2013. The funding policy specifies that the UAAL will be amortized as a level percentage of payroll over a closed 30-year period as of the January 1, 2013 actuarial valuation. This means that, for the January 1, 2014 valuation, the amortization contribution rate must pay off the current UAAL over a 29-year period.

Actuarial Gains and Losses

When experience is different from actuarial expectation, an actuarial gain or loss occurs. Ongoing actuarial gains and losses decrease and increase the UAAL. This year, a primary source of loss on the UAAL was the adoption of new assumptions with the 2014 Investigation of Experience. Section 7 of this report illustrates the historical actuarial gains and losses on the UAAL by source.

Amortization of UAAL

Table 8 details the components of the actuarial required contribution rate of 25.76% 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, 2014 valuation, the actuarial required contribution rate for the employer has increased to 15.73% beginning January 1, 2015. This is mainly due to the adoption of new assumptions with the 2014 Investigation of Experience Report.

The total contribution rate of 24.34% being paid in 2014 was calculated in order to amortize the January 1, 2013 UAAL over a 30-year period; however, this rate is not sufficient to amortize the January 1, 2014 UAAL over 29 years due to gains and losses that have occurred during the year, in addition to the impact of the new assumptions used to calculate the 2014 UAAL.

**Amortization of UAAL
(continued)**

Table 9 details the expected amortization of the UAAL over the 29-year closed period beginning January 1, 2014.

The total contribution rate needs to be immediately (i.e., as of the beginning of the next calendar year) increased from 24.34% of pay to 25.76% of pay to be projected to amortize the UAAL over 29 years from January 1, 2014. Because this figure is based on an Actuarial Value of Assets that is currently deferring a net gain, this 25.76% 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.

Table 8 Contribution Rates as Percentages of Salary

	Actuarial Required Contribution Beginning	
	January 1, 2014	January 1, 2013
A. Total normal cost rate	15.79 %	14.95 %
B. UAAL amortization rate	<u>9.97</u>	<u>9.39</u>
C. Actuarial required contribution rate	25.76 %	24.34 %
D. Member contribution rate	<u>10.03</u>	<u>10.03</u>
E. Allocation of employer contribution rate ⁽¹⁾		
Normal cost	5.76 %	4.92 %
Amortization payment	<u>9.97</u>	<u>9.39</u>
Total employer contribution rate	15.73 %	14.31 %

⁽¹⁾ If member contributions are all allocated to paying normal cost.

Table 9 Amortization of Unfunded Actuarial Accrued Liability (UAAL)
 (\$ Millions)

Year	Payroll	Total Contribution Rate	Normal Cost Rate	UAAL Rate	UAAL			
					Beginning Balance	Amortization Payment	Compounded Interest	Ending Balance
2014	\$ 607	24.34%	15.79%	8.55%	\$ 1,165.8	\$ 51.9	\$ 85.5	\$ 1,199.4
2015	634	25.76%	15.79%	9.97%	1,199.4	63.2	87.6	1,223.8
2016	663	25.76%	15.79%	9.97%	1,223.8	66.1	89.4	1,247.1
2017	693	25.76%	15.79%	9.97%	1,247.1	69.1	91.0	1,268.9
2018	724	25.76%	15.79%	9.97%	1,268.9	72.2	92.5	1,289.3
2019	757	25.76%	15.79%	9.97%	1,289.3	75.5	93.9	1,307.7
2020	791	25.76%	15.79%	9.97%	1,307.7	78.9	95.2	1,324.0
2021	827	25.76%	15.79%	9.97%	1,324.0	82.5	96.3	1,337.8
2022	864	25.76%	15.79%	9.97%	1,337.8	86.2	97.2	1,348.8
2023	903	25.76%	15.79%	9.97%	1,348.8	90.0	97.8	1,356.6
2024	944	25.76%	15.79%	9.97%	1,356.6	94.1	98.3	1,360.8
2025	987	25.76%	15.79%	9.97%	1,360.8	98.4	98.4	1,360.8
2026	1032	25.76%	15.79%	9.97%	1,360.8	102.9	98.3	1,356.2
2027	1079	25.76%	15.79%	9.97%	1,356.2	107.6	97.8	1,346.3
2028	1128	25.76%	15.79%	9.97%	1,346.3	112.5	96.8	1,330.7
2029	1179	25.76%	15.79%	9.97%	1,330.7	117.6	95.5	1,308.6
2030	1232	25.76%	15.79%	9.97%	1,308.6	122.8	93.6	1,279.4
2031	1288	25.76%	15.79%	9.97%	1,279.4	128.4	91.2	1,242.2
2032	1346	25.76%	15.79%	9.97%	1,242.2	134.2	88.2	1,196.2
2033	1407	25.76%	15.79%	9.97%	1,196.2	140.3	84.5	1,140.4
2034	1471	25.76%	15.79%	9.97%	1,140.4	146.7	80.1	1,073.9
2035	1537	25.76%	15.79%	9.97%	1,073.9	153.3	74.9	995.5
2036	1606	25.76%	15.79%	9.97%	995.5	160.1	68.8	904.2
2037	1679	25.76%	15.79%	9.97%	904.2	167.4	61.6	798.4
2038	1755	25.76%	15.79%	9.97%	798.4	175.0	53.4	676.8
2039	1834	25.76%	15.79%	9.97%	676.8	182.9	44.0	538.0
2040	1917	25.76%	15.79%	9.97%	538.0	191.1	33.3	380.1
2041	2004	25.76%	15.79%	9.97%	380.1	199.8	21.2	201.5
2042	2095	25.76%	15.79%	9.97%	201.5	208.9	7.4	(0.0)



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Section 6 Actuarial Information for Accounting Purposes



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 (Statements No. 67 and 68) that will supersede Statements No. 25 and 27. These will result in significant accounting changes. GASB Statement No. 67 will be effective beginning with the January 1, 2015 SCERS financial statements, and GASB Statement No. 68 will be effective beginning with the January 1, 2016 SCERS financial statements.

The schedule of funding progress is shown in Table 11 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 13 and shows that, except for the most recent three years, the employer has consistently made contributions equal to or greater than the GASB Actuarial Required Contribution (ARC).

Table 10 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 had built up. This year, SCERS has a positive NPO.

The current SCERS contribution rate is not sufficient to fund the UAAL over a period of 30 years or less under GASB calculation rules, since GASB rules preclude the use of an active membership growth assumption. Therefore, the GASB 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 calculated with 0% membership growth. This is the minimum allowed for accounting purposes under current GASB parameters.

**Actuarial Information
(continued)**

Due to the large increase in the ARC, as well as the fact that the ARC was not fully funded by SCERS, the NPO is now positive.

Note that the concept of the NPO will no longer apply under the new GASB Statements No. 67 and 68.

**Table 10 GASB Statement No. 27 Annual Pension Cost
and Net Pension Obligation**

For Fiscal Years Ending December 31, 2013 and December 31, 2014
Based on the January 1, 2012 and January 1, 2013 Valuations*

	2013	2014
1a Total Normal Cost Rate	14.95%	14.95%
1b Employee Contribution Rate	10.03%	10.03%
1c Employer Normal Cost Rate (1a - 1b)	<u>4.92%</u>	<u>4.92%</u>
2a Total Employer Contribution Rate	12.89%	14.31%
2b Amortization Payment Rate (2a - 1c)	7.97%	9.39%
2c Amortization Period	38 years	35 years
2d GASB 27 Amortization Rate	9.10%	10.68%
3 Total Annual Required Contribution (ARC) Rate (1c + 2d)**	14.02%	15.60%
4 Covered Employee Payroll***	597,933,801	
5a ARC (3 x 4)	83,830,319	
5b Interest on Net Pension Obligation (NPO)	(199,586)	
5c ARC Adjustment	<u>139,386</u>	
5d Annual Pension Cost (APC) (5a + 5b + 5c)	83,770,119	
6 Employer Contribution	77,073,667	
7a Change in NPO (5d - 6)	6,696,452	
7b NPO at Beginning of Year	<u>(2,575,309)</u>	
7c NPO at End of Year (7a + 7b)	4,121,143	

* 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.

Table 11 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 ⁽¹⁾	UJAL 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 ⁽²⁾	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	2,663.8	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
2014	2,094.3	3,260.1	1,165.8	64.2	597.9	195.0

⁽¹⁾ 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.

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

Table 12 Solvency Test

(All dollar amounts in millions)

Actuarial Valuation Date January 1	Actuarial Value of Valuation 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 ⁽¹⁾	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
2014	2,094.3	792.4	1,657.0	810.7	3,260.1	100.0	78.6	0.0	64.2

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

Table 13 Schedule of Employer Contributions

(All dollar amounts in millions)

Fiscal Year Ending December 31	Covered Employee Payroll ⁽¹⁾	Actual Employer Contributions ⁽²⁾	Actual Employer Contribution % ⁽³⁾	Annual Required Contribution (ARC) % ⁽⁴⁾	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 ⁽⁴⁾	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
2013	597.9	77.1	12.89	14.02	91.9

⁽¹⁾ 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.
⁽²⁾ 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.
⁽³⁾ 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 2001 and resulted in a negative NPO amount.
⁽⁴⁾ ARC reflects the increased COLA benefits adopted in 1998. ARC is calculated assuming 0.0% population growth.

Table 14 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, 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)
December 31, 2013	83,770,119	92%	4,121,143



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Table 15 GASB Statement No. 27 Annual Development of Pension Cost

Fiscal Year Ending	ARC at EOY	Interest on NPO	ARC Adjustment	Annual Pension Cost (APC)	Total Employer Contributions	Change in NPO	NPO Balance	Gain/Loss	Amort. Factor	Amort. Of Gain/Loss	Ending Balance
December 31, 2009	46,650,169	(6,056,564)	6,339,817	46,933,422	46,650,169	283,253	(77,865,963)	-	12.32673	(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)
December 31, 2013	83,830,319	(199,586)	139,386	83,770,119	77,073,667	6,696,452	4,121,143	6,756,652	18.47603	(139,386)	4,121,143

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

Section 7 Actuarial Gains or Losses



An analysis of actuarial gains or losses was performed in conjunction with the January 1, 2012, January 1, 2013 and January 1, 2014 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:

- New assumptions effective with the January 1, 2014 actuarial valuation were adopted per the 2014 Investigation of Experience. See Appendix A of this report for details on assumptions.

Table 16 Analysis of Actuarial Gains or Losses*

(All dollar amounts in millions)

	Gain/(Loss) For Period		
	2013	2012	2011
Investment Income			
Investment income on AVA was greater (less) than assumed.	\$ 50.8	\$ (151.6)	\$ (173.9)
Pay Increases			
Pay increases were less (greater) than expected.	3.3	3.1	31.7
Age and Service Retirements			
Members retired at older (younger) ages or with less (greater) final average pay than expected.	11.7	13.7	14.4
Disability Retirements			
Disability claims were less (greater) than expected.	(0.1)	(0.1)	(0.1)
Death-in-Service Benefits			
Survivor claims were less (greater) than expected.	-	-	-
Withdrawal from Employment			
More (less) reserves were released by withdrawals than expected.	(19.1)	(14.9)	(16.8)
Death after Retirement			
Retirees died younger (lived longer) than expected.	(3.1)	(2.8)	(7.8)
Total Gain or (Loss) during Period from Financial Experience	\$ 43.5	\$ (152.6)	\$ (152.5)
Non-Recurring Items:			
Changes in actuarial assumptions and plan amendments caused a gain (loss).	(76.7)	-	9.1
Data revisions	-	(17.0)	(30.5)
Change in actuarial asset valuation method caused a gain (loss).	N/A	N/A	N/A
Composite Gain (Loss) During Period	\$ (33.2)	\$ (169.6)	\$ (173.9)

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

Section 8 Contribution Rate Projections and Increases



This section of the January 1, 2014 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 7.50%), 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, the City is contributing a total rate of 24.34% 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:

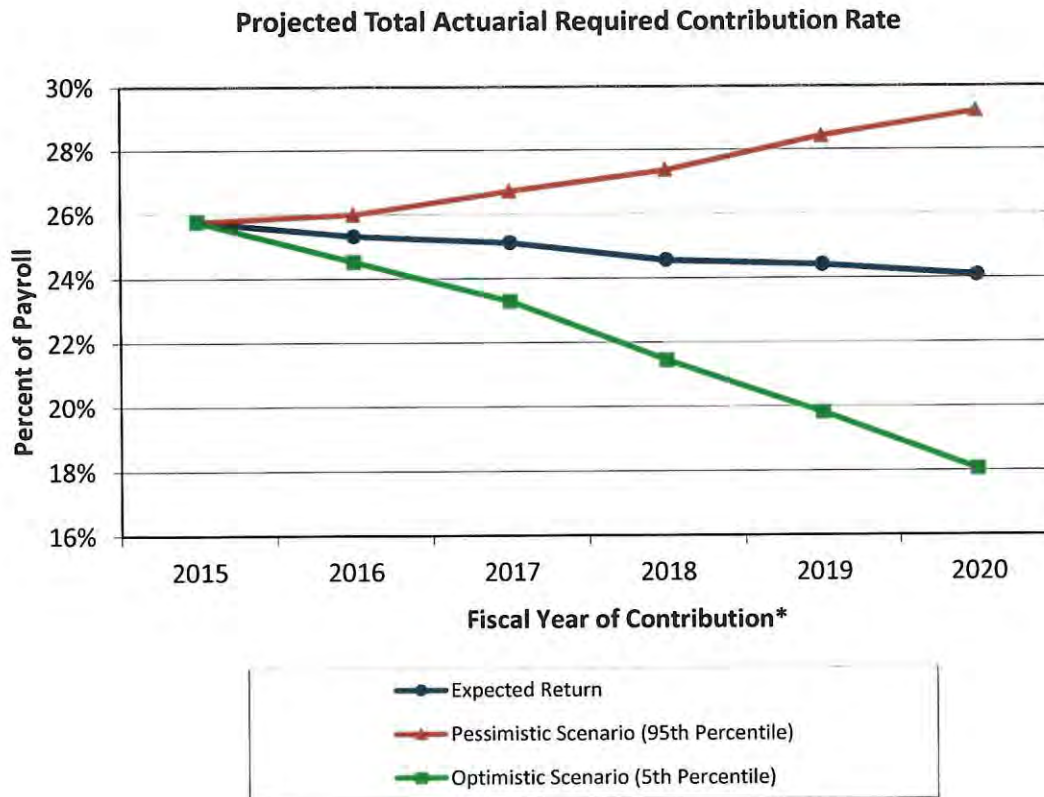
1. Assuming that the investment return assumption of 7.50% is met in each future year.
2. Assuming that the assets return at the 5th percentile.
3. Assuming that the assets return at the 95th percentile.

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 29-year closed amortization period as of January 1, 2014 and includes a 0.50% population growth assumption. Future returns at the 5th and 95th percentile are based on Milliman's capital market assumptions and SCERS's target asset allocation as of January 1, 2014.

Table 17 provides the results of these projections.

Table 17 Projected Total Contribution Rates



Projected Actuarial Required Total Contribution Rate			
Contribution Year*	If Asset Return at 95th Percentile	Assuming 7.50% Future Returns	If Asset Return at 5th Percentile
2015	25.76%	25.76%	25.76%
2016	25.98%	25.31%	24.52%
2017	26.71%	25.10%	23.29%
2018	27.36%	24.55%	21.45%
2019	28.41%	24.40%	19.80%
2020	29.20%	24.08%	18.04%

* Contribution year lags calculation year by one year. For example: Contribution Year 2015 is based on the 2014 valuation results, amortized over 29 years beginning in 2014, if the increase takes place in 2015.

Assumed Returns for Projection

The projection above uses the 5th and 95th percentile returns based on SCERS' target asset allocation and Milliman's January 1, 2014 capital market assumptions. These percentile returns vary by the number of years of return; for example, the Contribution Year 2015 number assumes one year of return at the one-year 5th or 95th percentile rate; the Contribution Year 2016 number assumes two years of return at the two-year 5th or 95th percentile rate.

The percentile rates assumed for this analysis are shown in the table below:

	Compounded Average Return for Period	
	Percentile	
	95th	5th
1-Year Period	27.9%	-9.9%
2-Year Period	21.5%	-5.2%
3-Year Period	18.7%	-3.0%
4-Year Period	17.1%	-1.7%
5-Year Period	16.1%	-0.8%

Contribution Increases

The current contribution rate needs to be increased in order to be sufficient to amortize the UAAL over a 29-year period as of the valuation date. As of January 1, 2015, an actuarial required contribution rate of 25.76% is projected to be needed in order to amortize the UAAL over a 29-year period beginning January 1, 2014.

This represents a needed increase of 1.42% of pay, in addition to the current 24.34% 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, if all assumptions are met.

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Section 9 Projection of Benefit Payments and Contribution Dollars



Projection of Benefit Payments and Contribution Dollars

This section of the January 1, 2014 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 7.50% 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 of 4.00% and annual population growth of 0.50% (per current SCERS assumptions).
2. The City 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.

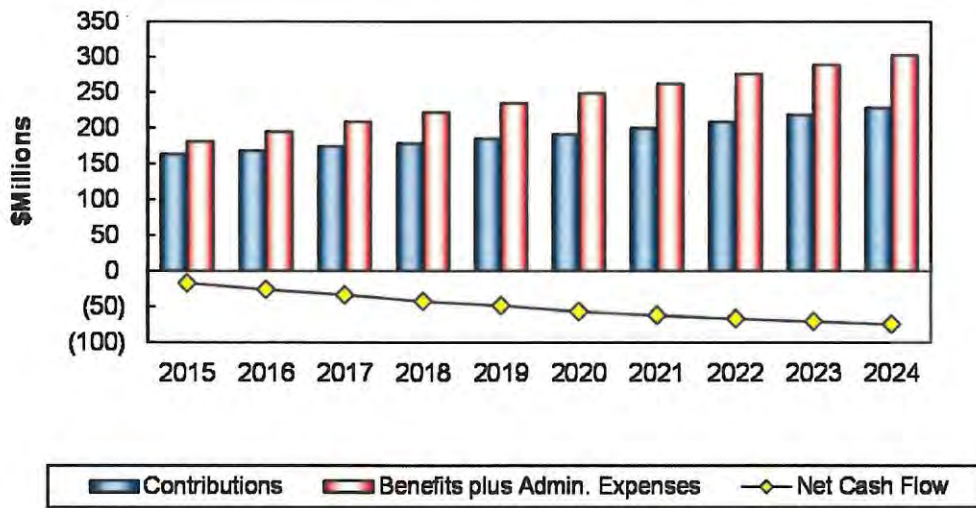
Table 18 shows the results of these projections.

Table 18 10-Year Projection of Benefit Payments and Contributions*

10-Year Projection of Cash Flows
 (\$ in millions)

Year	Projected Payroll	Projected Admin. Expenses	Projected Benefit Payments	Projected Total Cash Outflow	Projected Total Contributions	Projected Net Cash Flow
2015	\$ 634.3	\$ 3.8	\$ 176.8	\$ 180.6	\$ 163.4	\$ (17.2)
2016	663.0	4.0	190.3	194.3	167.8	(26.5)
2017	693.0	4.2	203.8	208.0	173.9	(34.0)
2018	724.3	4.3	216.6	220.9	177.8	(43.1)
2019	757.0	4.5	229.4	233.9	184.7	(49.2)
2020	791.2	4.7	243.1	247.8	190.5	(57.3)
2021	827.0	5.0	256.6	261.6	199.1	(62.4)
2022	864.4	5.2	270.0	275.2	208.1	(67.0)
2023	903.5	5.4	283.2	288.6	217.6	(71.1)
2024	944.3	5.7	296.5	302.2	227.4	(74.8)

Cash Flow Projections



* Total contributions include City and employee contributions, and reflect anticipated future recognition of currently deferred asset gains and losses.

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 its May 2014 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.

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.

City Contributions	The City contribution rate is determined as of the prior year's valuation such that the combined member and City contribution rate is sufficient to amortize the UAAL over a closed 30-year period beginning January 1, 2013. 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 0.60% 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 7.50%. This rate is compounded annually and is net of investment expenses.
Postretirement Benefit Increases	<p>Postretirement benefit increases include:</p> <ul style="list-style-type: none">▪ 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 3.25%. <p>Additional contingent COLA increases that were adopted in 2001, but not effective until the System reaches at least a 100% funding ratio, are not included in the valuation results.</p>
Future Salaries	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 4.00% per annum rate of increase in the general wage level of the membership.
Service Retirement	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.

Disability	The rates of disability 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.
Mortality	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.
Other Terminations of Employment	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.
Probability of Refund	<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>
Interest on Member Contributions	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 4.75%.
Portability	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.

Table A-1 Summary of Valuation Assumptions

January 1, 2014

I. Economic assumptions		
A. Price inflation		3.25%
B. General wage increases		4.00
C. Investment return		7.50
D. Increase in membership		0.50
E. Interest on member accounts		5.75/4.75*
II. Demographic assumptions		
A. Salary increases due to promotion and longevity		Table A-2
B. Retirement		Table A-3
C. Disability		Table A-4
D. Mortality** among contributing members		Table A-5
Men	RP 2000 Employees Table for Males, with ages set back six years.	
Women	RP 2000 Employees Table for Females, with ages set back six years.	
E. Mortality** among service retired members and beneficiaries		Table A-5
Men	RP2000 Combined Healthy Males, with ages set back two years.	
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 4.75%.		
**All mortality tables are generational using Projection Scale AA to reflect expected future mortality improvement.		

Table A-2 Future Salaries

Annual Rate of Increase		
Years of Service	Promotion and Longevity	Total*
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

*Total rate shown reflects compounded effect of merit increase and assumed wage growth of 4.00%.

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%	8.0%	8.0%	0.0%	10.0%	10.0%
50	5.0	8.0	10.0	5.0	10.0	10.0
51	5.0	8.0	10.0	5.0	10.0	10.0
52	5.0	8.0	12.0	5.0	10.0	12.0
53	3.0	8.0	12.0	3.0	10.0	12.0
54	3.0	8.0	12.0	3.0	10.0	12.0
55	6.0	8.0	12.0	6.0	10.0	12.0
56	5.0	8.0	12.0	5.0	10.0	12.0
57	5.0	8.0	12.0	5.0	13.0	12.0
58	5.0	8.0	12.0	5.0	13.0	12.0
59	5.0	8.0	15.0	8.0	13.0	15.0
60	6.0	14.0	15.0	8.0	15.0	15.0
61	9.0	12.0	15.0	12.0	13.0	15.0
62	15.0	20.0	30.0	15.0	20.0	26.5
63	12.0	18.0	22.0	12.0	18.0	20.0
64	9.5	18.0	22.0	13.0	18.0	20.0
65		40.0	32.0		40.0	30.0
66		40.0	32.0		40.0	38.0
67		40.0	32.0		40.0	38.0
68		30.0	26.0		33.0	32.0
69		30.0	26.0		33.0	32.0
70		*	*		*	*

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

Table A-4 Disability*

Age	Annual Rates	
	Men	Women
20	.00%	.00%
25	.00	.00
30	.02	.02
35	.02	.02
40	.03	.03
45	.03	.03
50	.04	.04
55	.04	.04
60	.04	.04
65	.00	.00

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

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 %	0.03 %	0.02 %	2.26 %	0.74 %
27	0.04	0.02	0.04	0.02	2.26	0.74
32	0.04	0.02	0.04	0.03	2.26	0.74
37	0.05	0.03	0.08	0.05	2.26	0.74
42	0.08	0.05	0.11	0.08	2.26	0.74
47	0.11	0.08	0.15	0.12	2.26	0.74
52	0.16	0.12	0.21	0.19	2.64	0.98
57	0.23	0.18	0.36	0.31	3.29	1.45
62	0.33	0.28	0.67	0.58	3.93	1.97
67	0.54	0.43	1.27	1.10	4.66	2.53
72	N/A	N/A	2.22	1.86	5.69	3.32
77	N/A	N/A	3.78	3.10	7.33	4.58
82	N/A	N/A	6.44	5.08	9.76	6.35
87	N/A	N/A	11.08	8.64	12.83	8.78
92	N/A	N/A	18.34	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.

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	6.5%	8.5%
1 to 2	5.8	8.3
2 to 3	5.3	8.0
3 to 4	4.8	7.8
4 to 5	4.4	7.5
5 to 6	4.1	7.0
6 to 7	3.8	6.3
7 to 8	3.5	5.7
8 to 9	3.2	5.1
9 to 10	2.9	4.5
10 to 11	2.6	4.1
11 to 12	2.3	3.8
12 to 13	2.1	3.4
13 to 14	1.9	3.1
14 to 15	1.7	2.7
15 to 16	1.5	2.4
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

Table A-7 Probability of Refund

Age	Probabilities of Refund upon Termination*
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%.*

Appendix B Provisions of Governing Law



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.

**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 disability 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)

Appendix C Valuation Data



This valuation is based upon the membership of the system as of January 1, 2014. 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.

Table C-1 Summary of Membership Data

	Contributing Members		Annuitants	
	Number	Annual Salaries (\$1,000)	Number	Annual Benefits (\$1,000)
January 1, 2014	8,603	\$ 606,888	5,880	\$ 147,145
January 1, 2013	8,465	579,396	5,742	137,836
January 1, 2012	8,430	560,412	5,580	128,645
January 1, 2011	8,599	569,472	5,428	118,920
January 1, 2010	9,071	596,892	5,304	108,886
January 1, 2008	8,842	529,062	5,201	102,772
January 1, 2006	8,521	468,096	5,011	83,988
January 1, 2004	8,382	441,562	4,876	74,341
January 1, 2002	8,758	418,908	4,733	61,801
January 1, 2000	8,669	382,620	4,681	55,542
January 1, 1999	7,779	333,984	4,644	52,482
January 1, 1998	7,926	329,028	4,649	50,394
January 1, 1996	8,078	314,448	4,619	44,271
		\$ 70,548		\$ 25,026
		68,449		24,006
		66,476		23,056
		66,225		21,909
		65,802		20,529
		59,835		19,760
		54,934		16,761
		52,680		15,246
		47,831		13,058
		44,137		11,865
		42,934		11,301
		41,512		10,840
		38,926		9,585

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.



Inactive Lives

Table C-2 Members Receiving Service Retirement Benefits as of January 1, 2014

Number of Persons		<50	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Totals
Male	0	15	110	392	760	627	399	253	204	147	2,907	
Female	1	22	138	409	604	353	211	134	125	111	2,108	
Total	1	37	248	801	1,364	980	610	387	329	258	5,015	
Annual Benefits												
in Thousands												
Male	\$ 0	\$ 659	\$ 4,117	\$ 14,198	\$ 22,525	\$ 17,919	\$ 9,986	\$ 6,021	\$ 4,604	\$ 2,805	\$ 82,834	
Female	*	872	4,901	12,854	15,301	7,775	4,078	2,321	1,805	1,227	51,134	
Total	0	1,531	9,018	27,052	37,826	25,694	14,064	8,342	6,409	4,032	133,968	
Average Annual Benefits												
Male	\$ 0	\$ 43,933	\$ 37,427	\$ 36,219	\$ 29,638	\$ 28,579	\$ 25,028	\$ 23,798	\$ 22,569	\$ 19,082	\$ 28,495	
Female	*	39,636	35,514	31,428	25,333	22,025	19,327	17,321	14,440	11,054	24,257	
Total	0	41,378	36,363	33,773	27,732	26,218	23,056	21,556	19,480	15,628	26,713	

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



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Inactive Lives

Table C-3 Members Receiving Disability Retirement Benefits as of January 1, 2014

	<50	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+	Totals
Number of Persons											
Male	0	2	4	4	4	3	5	4	2	1	29
Female	1	5	9	6	1	3	3	0	0	0	28
Total	1	7	13	10	5	6	8	4	2	1	57
Annual Benefits in Thousands											
Male \$	0	\$ 35	\$ 67	\$ 66	\$ 53	\$ 34	\$ 62	\$ 55	\$ 21	\$ *	\$ 393
Female *		89	171	94	*	32	32	0	0	0	418
Total	0	124	238	160	53	66	94	55	21	0	811
Average Annual Benefits											
Male \$	0	\$ 17,500	\$ 16,750	\$ 16,500	\$ 13,250	\$ 11,333	\$ 12,400	\$ 13,750	\$ 10,500	\$ *	\$ 13,552
Female *		17,800	19,000	15,667	*	10,667	10,667	0	0	0	14,929
Total	0	17,714	18,308	16,000	10,600	11,000	11,750	13,750	10,500	0	14,214

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



Inactive Lives

Table C-4 Survivors Receiving Retirement Benefits as of January 1, 2014*

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	6	7	6	7	4	7	4	2	44
Female	8	6	23	45	68	57	67	94	138	171	677
Total	8	7	29	52	74	64	71	101	142	173	721
Annual Benefits in Thousands											
Male \$	0	\$ *	126	\$ 60	\$ 116	\$ 57	\$ 57	\$ 57	\$ 26	\$ 10	\$ 509
Female	116	110	408	827	1,198	972	1,117	1,436	2,011	2,294	10,489
Total	116	110	534	887	1,314	1,029	1,174	1,493	2,037	2,304	10,998
Average Annual Benefits											
Male \$	0	\$ *	21,000	\$ 8,571	\$ 19,333	\$ 8,143	\$ 14,250	\$ 8,143	\$ 6,500	\$ 5,000	\$ 11,568
Female	14,500	18,333	17,739	18,378	17,618	17,053	16,672	15,277	14,572	13,415	15,493
Total	14,500	15,714	18,414	17,058	17,757	16,078	16,535	14,782	14,345	13,318	15,254

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

Note: In addition, 26 male survivors are receiving \$359,844 and 61 female survivors are receiving \$1,007,911 in Option B or Option C benefits for a certain period only.



Active Lives

Table C-5 Distribution of Employees and Salaries as of January 1, 2014

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	1	16	26	30	39	31	21	12	19	4			199
1		13	42	64	44	46	31	27	24	12	5	2	310
2		8	25	36	42	26	24	19	20	9	3		212
3-4		9	22	31	31	31	42	25	21	16	9	3	240
5-9		1	65	169	217	199	177	157	142	90	39	5	1,261
10-14			5	28	104	126	150	149	131	104	30	8	835
15-19				2	19	75	143	133	136	81	35	10	634
20-24						19	71	125	123	97	26	7	468
25-29							13	71	88	96	25	5	298
30-34								27	67	64	19		177
35-39								1	27	45	22	1	96
40+		47	185	360	496	553	672	746	799	11	18	11	41
Totals	1	47	185	360	496	553	672	746	799	629	231	52	4,771

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	\$ 4	\$ 42	\$ 122	\$ 142	\$ 193	\$ 174	\$ 126	\$ 81	\$ 111	\$ 15	\$	\$	\$ 1,010
1		41	177	341	244	281	195	164	166	89	30	24	1,752
2		25	113	212	248	157	148	128	160	77	23		1,291
3-4		33	105	179	184	225	263	144	121	101	64	14	1,433
5-9		1	311	905	1,308	1,247	1,086	929	854	519	210	15	7,385
10-14			17	156	603	801	929	967	847	642	192	45	5,199
15-19				13	111	458	918	830	834	509	224	66	3,963
20-24						117	485	826	838	646	153	33	3,098
25-29							85	506	606	638	186	37	2,058
30-34								177	494	449	136		1,256
35-39								10	181	297	142	4	634
40+		142	845	1,948	2,891	3,460	4,235	4,762	5,218	79	116	65	266
Totals	4	142	845	1,948	2,891	3,460	4,235	4,762	5,218	4,061	1,476	303	29,345

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Active Lives

Table C-5 Distribution of Employees and Salaries as of January 1, 2014

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+	Totals	
0	\$ 4,000	\$ 2,625	\$ 4,692	\$ 4,733	\$ 4,949	\$ 5,613	\$ 6,000	\$ 6,750	\$ 5,842	\$ 3,750	\$ 6,000	\$ 12,000	\$ 5,075	
1		3,154	4,214	5,328	5,545	6,109	6,290	6,074	6,917	7,417	6,000		5,652	
2		3,125	4,520	5,889	5,905	6,038	6,167	6,737	8,000	8,556	7,667		6,090	
3-4		3,667	4,773	5,774	5,935	7,258	6,262	5,760	5,762	6,313	7,111		5,971	
5-9		1,000	4,785	5,355	6,028	6,266	6,136	5,917	6,014	5,767	5,385		5,856	
10-14			3,400	5,571	5,798	6,357	6,193	6,490	6,466	6,173	6,400		6,226	
15-19				6,500	5,842	6,107	6,420	6,241	6,132	6,284	6,400		6,251	
20-24						6,158	6,831	6,608	6,813	6,660	5,885		6,620	
25-29							6,538	7,127	6,886	6,646	7,440		6,906	
30-34								6,556	7,373	7,016	7,158		7,096	
35-39								10,000	6,704	6,600	6,455		6,604	
40+									6,000	7,182	6,444		6,488	
Totals	4,000	3,021	4,568	5,411	5,829	6,257	6,302	6,383	6,531	6,456	6,390	5,827	6,151	

Active Lives

Table C-5 Distribution of Employees and Salaries as of January 1, 2014

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	
0	14	34	22	25	21	24	12	4	2	180		
1	14	35	48	46	29	23	13	8	2	256		
2	9	19	28	30	17	15	13	4	1	146		
3-4	8	20	31	32	23	22	23	11	3	190		
5-9	2	38	141	155	123	119	115	73	23	928		
10-14	1	1	32	75	101	114	95	69	27	638		
15-19			1	26	61	98	86	47	13	444		
20-24				1	27	77	95	86	31	441		
25-29					25	89	121	78	34	348		
30-34					15	54	54	16	4	143		
35-39					4	27	46	19	1	97		
40+						13	7	1	1	21		
Totals	0	47	147	303	390	432	511	632	493	178	45	3,832

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	
0	\$ 38	\$ 140	\$ 97	\$ 129	\$ 117	\$ 82	\$ 138	\$ 20	\$ 5	\$ 846		
1	43	148	242	236	220	168	124	46	3	1,287		
2	27	77	144	152	110	71	55	19	5	753		
3-4	20	81	158	152	135	126	86	54	12	992		
5-9	4	136	645	879	752	675	677	418	103	4,970		
10-14		1	147	403	649	644	687	387	145	3,682		
15-19			4	127	372	592	582	231	60	2,505		
20-24				5	141	453	688	520	170	2,563		
25-29					139	319	509	467	231	2,103		
30-34					105	344	105	319	97	883		
35-39					23	160	237	109	8	537		
40+						69	34	5	1	108		
Totals	0	132	583	1,437	2,083	2,496	2,950	3,674	3,970	2,787	143	21,229

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Active Lives

Table C-5 Distribution of Employees and Salaries as of January 1, 2014

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	\$	2,714	\$	4,118	\$	4,409	\$	5,318	\$	5,160	\$	3,905	\$	5,750	\$	6,667	\$	5,000	\$	2,500	\$	8,000	\$	4,700
1		3,071		4,229		5,042		5,789		5,130		5,793		5,391		4,385		5,750		1,500				5,027
2		3,000		4,053		5,143		6,471		5,067		4,733		6,111		6,538		4,750		5,000		8,000		5,158
3-4		2,500		4,050		5,097		5,870		4,750		5,727		6,143		6,739		4,909		4,000		4,333		5,221
5-9		2,000		3,579		4,574		5,570		5,671		5,488		5,689		5,843		5,726		4,478		2,250		5,356
10-14				1,000		4,594		5,954		5,373		6,376		6,026		6,126		5,609		5,370		2,467		5,771
15-19						4,000		6,098		4,885		6,041		5,650		5,965		4,915		4,615		2,667		5,642
20-24								5,222		5,000		5,883		5,831		5,989		6,047		5,484		2,833		5,812
25-29												5,560		5,719		6,223		5,987		6,794		4,000		6,043
30-34														7,000		6,370		5,907		6,063		4,500		6,175
35-39														5,750		5,926		5,152		5,737		8,000		5,536
40+																		5,308		4,857		5,000		5,143
Totals		2,809		3,966		4,743		5,778		5,341		5,773		5,813		6,070		5,653		5,472		3,178		5,540



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Appendix D Glossary



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

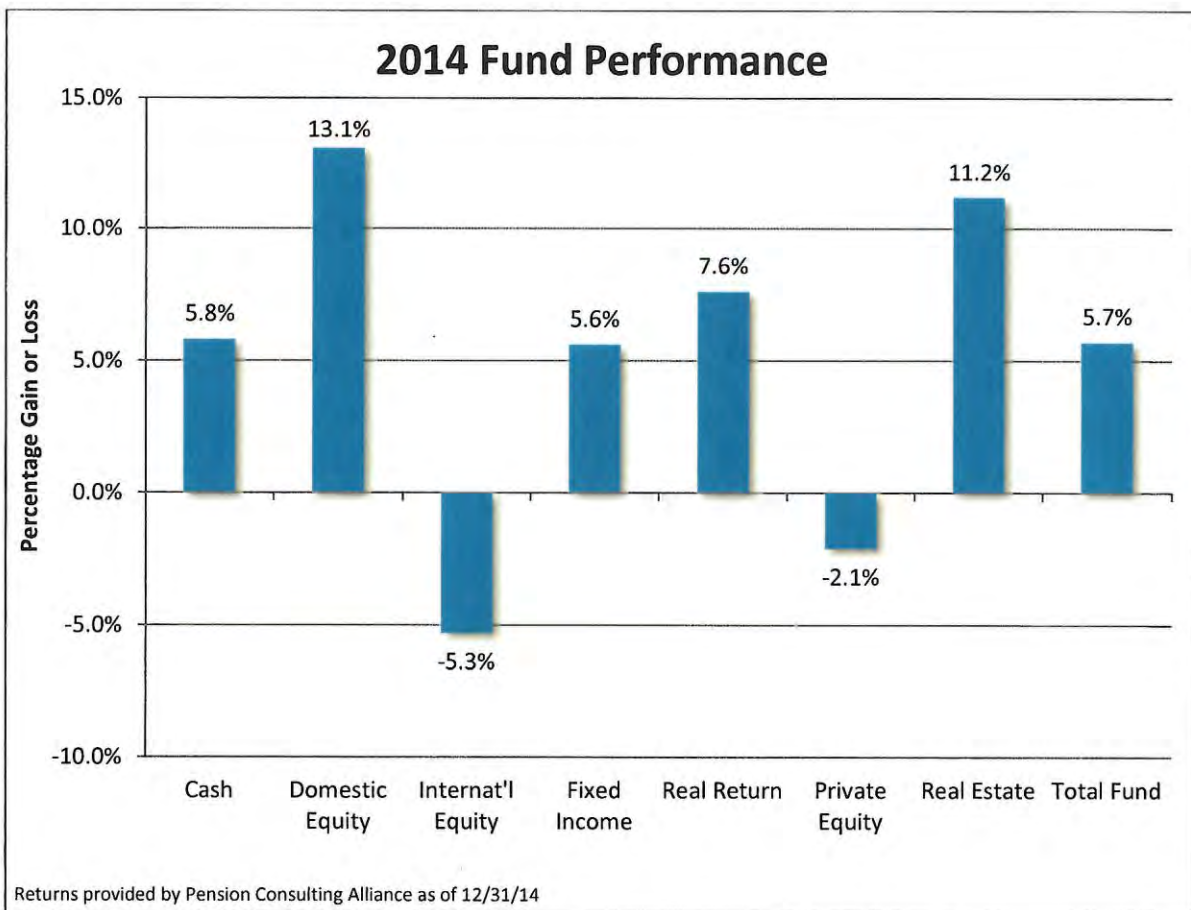
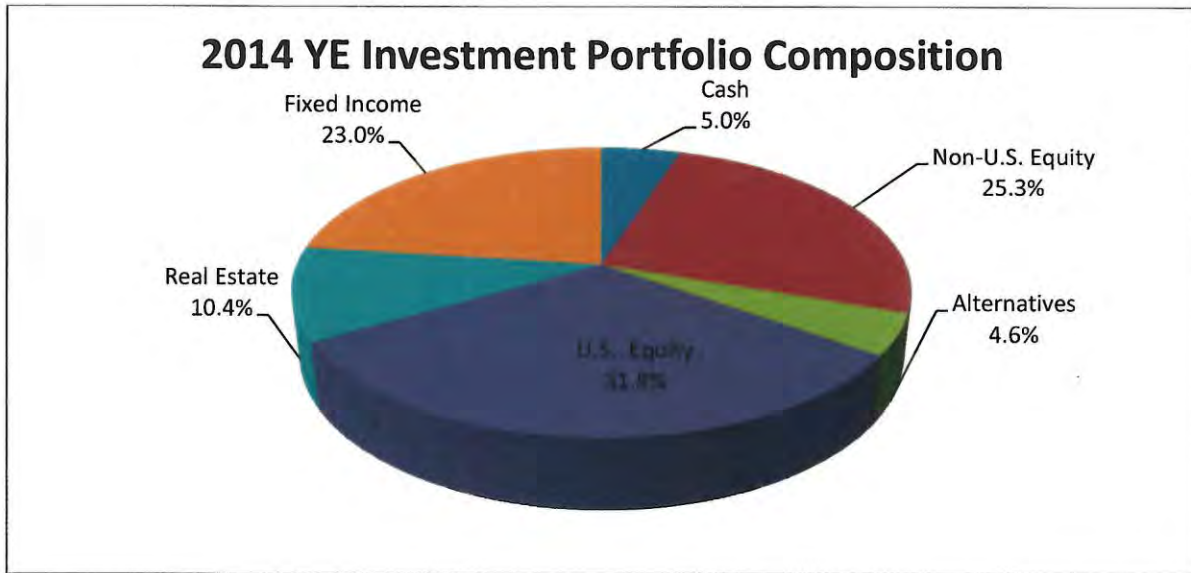
The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation.

Actuarially Equivalent	Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.
Amortization Payment	That portion of the pension plan contribution that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability (UAAL).
Entry Age Actuarial Cost Method	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.
Funding Ratio	The Actuarial Value of Assets divided by the Actuarial Accrued Liability. May also be calculated as the Market Value of Assets divided by the Actuarial Accrued Liability, in which case it is indicated that the Funding Ratio is shown on a Market Value basis.
Normal Cost	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.
Projected Benefits	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.
Surplus Funding	The excess of the Actuarial Value of Assets over the Actuarial Accrued Liability.
Unaccrued Benefit	The excess of an individual's Projected Benefits over the Accrued Benefits as of a specified date.
Unfunded Actuarial Accrued Liability	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

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STATISTICAL

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**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
10.03	14.31	2014	63,969,504	89,988,898	130,807,611		284,766,013

* 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
2014	150,239,008	15,103,615	13,868,184	179,210,807

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
2014	137,887,118	11,175,718	896,172	280,000	15,103,615	165,342,623

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	
2014	23	33	44	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

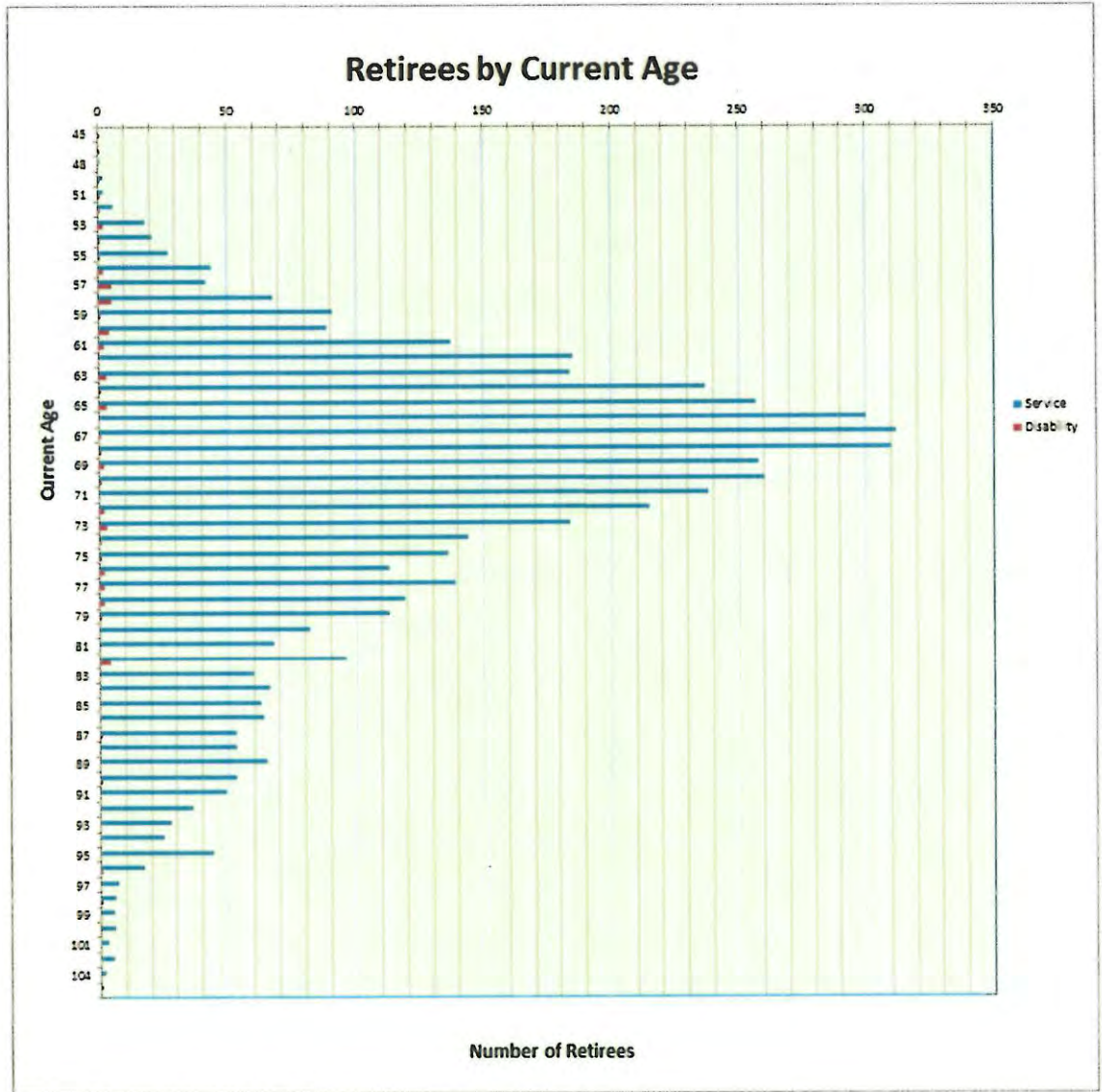
Year	Investment Income *	Investments Market Value	Securities Lending Collateral	Return on Market Value
2004	177,211,711	1,664,178,577	239,087,447	11.5%
2005	139,866,897	1,777,219,827	122,862,720	8.1%
2006	251,934,917	1,986,714,717	145,097,240	13.9%
2007	149,708,740	2,106,345,982	103,323,467	7.3%
2008	(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	298,225,616	2,213,014,808	13,595,048	15.5%
2014	131,047,615	2,315,159,044	25,231,590	5.7%

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

Note – Investment Income for 2013 has been re-stated to reflect gross income from Securities Lending.

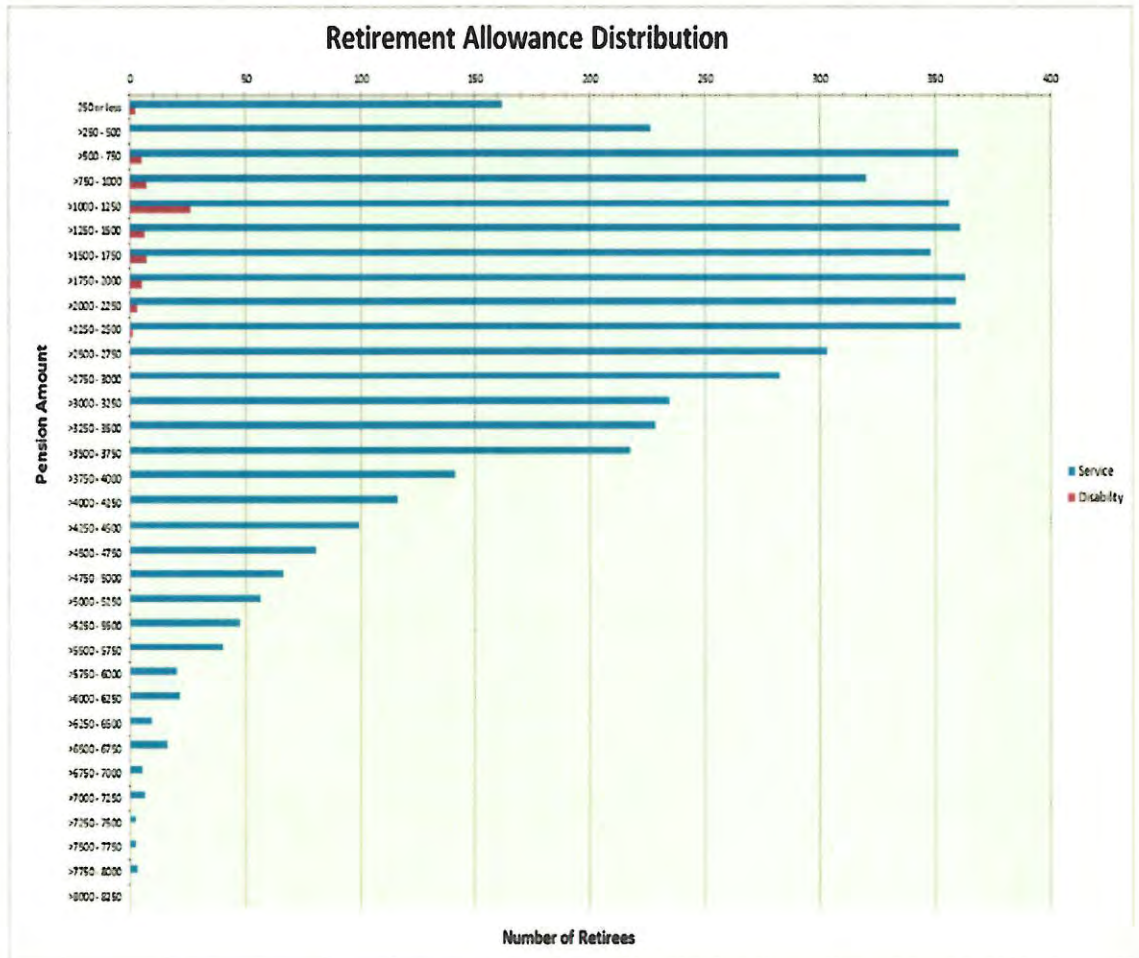
**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SERVICE AND DISABILITY PENSIONERS BY AGE
As of December 31, 2014**

Current Age	Service	Disability
45	0	1
47	0	1
48	1	0
50	2	1
51	2	1
52	6	1
53	18	2
54	21	1
55	27	1
56	44	2
57	42	5
58	68	5
59	91	1
60	89	4
61	137	2
62	165	0
63	184	3
64	237	1
65	257	3
66	300	0
67	312	1
68	310	1
69	258	2
70	260	1
71	238	0
72	215	2
73	184	3
74	144	1
75	136	1
76	113	2
77	139	2
78	119	2
79	113	1
80	82	0
81	68	0
82	96	4
83	60	0
84	66	0
85	63	0
86	64	0
87	53	1
88	53	0
89	65	0
90	53	1
91	49	0
92	36	0
93	28	0
94	25	0
95	44	0
96	17	1
97	7	0
98	6	1
99	5	0
100	6	0
101	3	0
102	5	0
104	2	0
105	1	0
5,209	62	



SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM RETIREMENT ALLOWANCE DISTRIBUTION As of December 31, 2014

\$	\$	Service	Disability
250.00	or less	162	2
250.01	- 500.00	226	0
500.01	- 750.00	360	5
750.01	- 1,000.00	320	7
1,000.01	- 1,250.00	356	26
1,250.01	- 1,500.00	361	6
1,500.01	- 1,750.00	348	7
1,750.01	- 2,000.00	363	5
2,000.01	- 2,250.00	359	3
2,250.01	- 2,500.00	361	1
2,500.01	- 2,750.00	303	0
2,750.01	- 3,000.00	282	0
3,000.01	- 3,250.00	234	0
3,250.01	- 3,500.00	228	0
3,500.01	- 3,750.00	217	0
3,750.01	- 4,000.00	141	0
4,000.01	- 4,250.00	116	0
4,250.01	- 4,500.00	99	0
4,500.01	- 4,750.00	80	0
4,750.01	- 5,000.00	66	0
5,000.01	- 5,250.00	56	0
5,250.01	- 5,500.00	47	0
5,500.01	- 5,750.00	40	0
5,750.01	- 6,000.00	20	0
6,000.01	- 6,250.00	21	0
6,250.01	- 6,500.00	9	0
6,500.01	- 6,750.00	16	0
6,750.01	- 7,000.00	5	0
7,000.01	- 7,250.00	6	0
7,250.01	- 7,500.00	2	0
7,500.01	- 7,750.00	2	0
7,750.01	- 8,000.00	3	0
8,000.01	- 8,250.00	0	0
		5,209	62



**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
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
2014	10,894	785	208	31	11	320

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
COMPARATIVE STATEMENT OF EXPERIENCE OF SERVICE AND DISABILITY RETIREMENT PAYROLLS
From Inception in 1929, Through 2014**

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	Disability	Service	Disability	Disability	Service	Beneficiary	Disability	Beneficiary	Disability	Service	Beneficiary	Disability
1929 - 1980 Inclusive	6,009	412	926	3,083	609	84	3	317	84	518		2,970	616	233
December 31, 1981	223	7	7	94	15			25		33		3,099	631	225
December 31, 1982	254	12	5	120	23			38		41		3,233	646	207
December 31, 1983	248	12	5	137	10			29		55		3,344	684	202
December 31, 1984	206	9	4	135	14			28		51		3,415	716	192
December 31, 1985	202	4	7	115	18	1		19	1	48		3,505	743	183
December 31, 1986	175	10	4	140	9			13		20		3,540	760	178
December 31, 1987	184	6	7	132	16			6		16		3,592	776	169
December 31, 1988	158	2	3	120	9			25		37		3,627	790	163
December 31, 1989	163	8	5	141	12			5		43		3,660	780	154
December 31, 1990	181	10	1	128	16			7		44		3,695	827	140
December 31, 1991	129		4	158	12			31		70		3,665	866	132
December 31, 1992	121		3	161	4			32		50		3,625	884	131
December 31, 1993	133	6	3	157	6			42		45		3,601	894	127
December 31, 1994	181	10	1	159	10			53		55		3,608	922	117
December 31, 1995	148	5	2	162	5			54		38		3,591	914	114
December 31, 1996	225	3	1	173	8			44		49		3,659	907	106
December 31, 1997	170	9	1	186	9			75		69		3,622	931	98
December 31, 1998	166	2	2	170	9		1	45		51		3,614	942	91
December 31, 1999	208	5	2	167	5			67		51		3,662	931	88
December 31, 2000	222	4	1	142	4			46		43		3,699	933	84
December 31, 2001	192	4	1	152	8			53		33		3,733	924	76
December 31, 2002	290	5	6	170	5			49		48		3,836	945	77
December 31, 2003	189	6	1	163	5			67		57		3,858	945	73
December 31, 2004	243	2	6	172	6			61		39		3,924	930	73
December 31, 2005	235	6	6	164	3			66		70		3,993	942	76
December 31, 2006	270	6	2	151	6			72		33		4,113	908	72
December 31, 2007	277	6	2	155	2			70		59		4,231	897	72
December 31, 2008	192	5	1	158	2			72		51		4,295	875	77
December 31, 2009	221	16	1	144	4			60		47		4,345	885	75
December 31, 2010	355	5	0	159	0			68		41		4,546	808	74
December 31, 2011	321	4	1	136	2			76		50		4,712	802	66
December 31, 2012	351	6	2	155	5			66		36		4,844	779	62
December 31, 2013	328	1		214	7		4	12		53		5,025	758	58
December 31, 2014	317		3	157				55		36		5,209	755	62
												2014 Grand Total		6,026

**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
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
2014	2,268.70	71.26	1,257.92	65.33	11	53.27

* 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>
<u>Jan. 1, 2005 to Dec. 31, 2014</u>						
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
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

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>
Jan. 1, 2005 to Dec. 31, 2014						
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
Period 1/1/14 to 12/31/14						
Average Monthly Benefit	\$ 933.87	1,709.96	2,209.50	2,659.54	3,684.43	4,461.46
Average Final Salary	\$ 6,141.78	6,444.04	6,814.88	6,012.59	7,017.93	6,692.68
Number of Active Retirees	69	32	42	48	71	55
Period 1/1/05 to 12/31/14						
Average Monthly Benefit	\$ 765.99	1,419.05	1,862.76	2,448.31	3,120.03	3,596.23
Average Final Salary	\$ 5,503.28	5,560.13	5,551.91	5,937.38	6,099.41	6,024.03
Average Number of Retirees	43	34	37	51	61	63

**NEW MEMBERS IN THE RETIREMENT SYSTEM IN 2014
BY DEPARTMENT**

Department Name	Count
Arts and Culture	2
City Budget Office	3
City Employees Retirement Syst	2
City Light	148
Department of Planning & Dev	45
Dept of Education & Early Lrng	4
Dept of Finance & Admn Svc	70
Executive Departments	27
Fire Department	6
Human Services	46
Information Technology Dept	14
Law Department	23
Legislative-City Council	15
Municipal Court	25
Neighborhoods Department	1
Parks Department	60
Police Department	41
SDHR-Temporary Emp Svcs	7
Seattle Center	26
Seattle Dept of HumanResources	11
Seattle Dept of Transportation	90
Seattle Public Library	42
Seattle Public Utilities	77
Total	785

**RETURNING MEMBERS IN THE RETIREMENT SYSTEM IN 2014
BY DEPARTMENT**

Redepositing	Count
City Of Seattle	1
Department of Planning & Dev	1
Dept of Finance & Admn Svc	1
Seattle Center	1
Seattle Public Library	1
Seattle Public Utilities	1
Total	6

Re-entering	Count
City Light	3
Dept of Finance & Admn Svc	6
Human Services	1
Legislative-City Council	1
Municipal Court	1
Parks Department	1
Police Department	1
SDHR-Temporary Emp Svcs	2
Seattle Center	4
Seattle Dept of Transportation	1
Seattle Public Library	1
Seattle Public Utilities	3
Total	25

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SERVICE RETIREMENTS GRANTED IN 2014**

Retiree	Department Name	Position	Yrs	Days	Age
Adams, Virginia L	Vested	Vested	8	247	65
Alberg, Catherine J	Police	Parking Enfor	21	186	62
Albertson, Ann Amelia	City Light	Elect Svc Rep, Supvsng	39	291	66
Alderete, Mary L	Parks Dept	Admin Staff Anlyst	27	21	67
Alexander, Mabel	PublicUtil	Senior Exec Asst	25	193	64
Amaro Jr, Frank	Vested		29	274	64
Anderson, Carol E	SDOT	Assoc. Civil Eng Spclst	23	348	62
Anderson, Wayne L	SDOT	Truck Driver	30	235	53
Artman, Edward R	InfoTech	Info Tech Prof A	12	171	68
Averill, Richard E	PublicUtil	Civil Engrng Spec Supv	23	55	57
Baker, Donald Morrow	FAS	Vested	13	349	58
Baker, Jennifer S	Library	Libarn	16	320	60
Banda, Shirley Marie	Vested		13	272	44
Barber, David L	City Light	Manager 2	40	11	69
Barnett, John L	City Light	Exec 2	8	246	68
Bartleson, Peggy R	Parks Dept	Assoc Civil Engr Spec	28	80	57
Bautista, Alan	City Light	Carpenter	16	156	63
Beach, Vernon Glenn	DPD	Manager 2	30	250	68
BEHAR, DAVID S	City Light	Vested	9	206	57
BELEFORD, JUNE	KC Health		24	47	65
Bell, Patricia L	Human Svcs	Volunteer Program Coordinator	11	315	67
Bellin, Dorothy J	City Light	Admin Spec III	34	288	65
Bennett, Dennis R	City Light	Electn - Con	44	236	74
Berard Jr, Donald J	Police	Supervising Mgmt Systems Analyst	14	145	63
Berg, Patricia Ann	City Light	Graphic Art Designer	7	320	62
Bernstein, Margaret K	Parks Dept	Vested	9	57	62
Birkland, Ila G	Police	Admin Spec II - BU	47	146	68
BISHOP, GREGORY A	KC Health	Investigator IV	40	89	64
Bock, Karla K	Vested	Vested	10	186	57
Boden, James Herbert	PublicUtil	Facilities Maint Worker	23	15	62
Bohman, Alice L	Human Svcs	Vested	17	119	66
Bondeson, Eric S	Parks Dept	Rec Attendant	30	122	66
Boone, Doris L	Police	Parking Enforcement Officer	33	163	60
Borthwick III, Thomas G	City Light	Comms Elctn II	34	90	66
Bos-Welton, Martha E	DPD	IT Prof B	25	230	55
Boyce, Cindy A	Parks Dept	Admin Spec II-BU	33	203	58
Bradshaw, Althea R	SDOT	Associate Civil Engineer	16	75	57
Brandt, Kandy B	Vested	Vested	10	201	70
Braxton, Robert	Muni Court	Admin Spec II	29	162	68
Brazel, Eleonore E	City Light	Exec Assistant	26	364	67
BRUCKER, JAN E.	Personnel	Vested	5	273	65
Bryant, Sally J	Police	Parking Enforcement Offcr	26	364	55
Burk, Sharon R	Police	Dispatch Supvr	24	215	69
BURKE, STEVEN J	KC Health		35	77	62
Bush, Norma J	Vested		11	353	65
Buskirk, Kenneth L	PublicUtil	Equip Maint CC	32	315	62
Buster, Lloyd	PublicUtil	Watershed Inspector	34	253	64
Butler, John W	Muni Court	Court Cashier Supervisor	16	60	68
Byers, Thomas Judson	Vested	Vested	7	124	66
Callahan, Ellen Louise	Vested	Vested	6	9	60
CANIZZARO, VERL L.	KC Health	Social Worker	23	331	70
Carlquist, Brad J	Vested	Vested	8	179	62
Carriere, Roland M	Parks Dept	Maint Aide	5	3	68
Cetinkaya, Nancy Jean Lee	Muni Court	Admin Spec II	26	308	64
Chan, Paul Wah B	FAS	Vested	4	19	65
Chandler, Jessica L	Library	HR Generalist	6	364	64
Chandler, Robert M	SDOT	Strategic Advisor III	46	20	66

Retiree	Department Name	Position	Yrs	Days	Age
Chapa,Omar	PublicUtil	Personnel Spec, Sr	6	301	65
Chapman,David M	Parks Dept	Admin Staff Asst	40	3	66
Chapman,Dennis	DPD	Sr. Electrical Inspector	7	9	62
Chavez Jr,T D	Police	Manager 2	32	352	66
Cheng,Lennon W	SDOT	Sr. Civil Engineer	16	0	65
Chiu,Shannon S	Police	Admin Supp Spvr	31	93	55
Christiansen,Jeffrey A	Parks Dept	Aquarium Biologist 3	32	256	57
Claxton,Addison M	PublicUtil	IT Prof B	27	194	57
Cofer,William	City Light	Pwr Structs Mech CC	38	221	64
Conlin,Richard B	LegCtyCncl	Council Member	16	0	65
Corado,Ana V	Parks Dept	Cashier, Sr.	12	361	66
Costello,Richard A	Parks Dept	Maint Laborer	8	36	65
Cox,Charles R	PublicUtil	Manager 2, Info Tech	31	105	55
Dailey,James Carroll	Parks Dept	IT Systems Analyst	28	268	54
Daly-White,Rita L	Muni Court	Court Clerk	9	255	58
Daoud,Shadia Y	City Light	Admin Specialist II	20	72	67
Davison,Shena D	SDOT	Vested	22	197	52
De Griekc,Jerry C	EXEC DEPTS	Strat Advsr 3	13	87	63
DeBoldt,Linda E	PublicUtil	Exec 3	27	251	53
Demick,Judy A	City Light	Ofc Equip Op	21	271	70
Dierich,Peter D	Parks Department		25	86	52
Diga,Elmer D	Parks Dept	Maintenance Laborer	22	335	54
Dobrovolny,Peter	EXEC DEPTS	Sr Planning & Dev Spec	13	191	71
Dokes,Annette L	City Light	Manager 3	30	343	54
Donnelly,Sheila B	FAS	Carpenter	9	127	60
Droppelman,Nancy	Parks Dept	Assistant Personnel Specialist	22	53	59
Dyer,Kenneth C	Parks Dept	Safety & Health Supervisor	17	288	66
Eagan,Michael J	PublicUtil	Sr Public Relations Spec	6	7	66
Edwards,Mae	City Light	Strucl Pntr	29	348	65
Elder,Regina	Vested	Vested	16	149	63
Ernsdorff,Corrie S	Parks Dept	Actg Tech III - BU	30	33	65
Farrell,Susan Hansen	Vested	Vested	17	282	63
Ferrell,Jennifer Park	Vested	Vested	7	247	62
Ferrer Jr,Eddie S	EXEC DEPTS	Info Technol Sysys Anlyst	11	231	60
Fischer,Michael J	Vested	Vested	26	191	52
Fox,Thomas P	PublicUtil	Manager 3	8	37	67
Frank,Diane Elizabeth	PublicUtil	Info Tech Prof C	7	316	66
Frazier,Betty J	Police	Admin Spec II -BU	36	118	66
Fridriksson,Petur	Vested	Vested	23	159	59
Frith,Richard Sheldon	Parks Dept	Sr Real Prop Agent	21	62	63
Fruehling,Sandra L	Human Svcs	Admin Support Supv - BU	10	46	66
Furutani,Sharon	PublicUtil	Acct Tech II	33	354	64
Garner,Armie L	FAS	Customer Service Rep	6	267	62
Garske,Toni J	SDOT	Assoc Civil Engineering Spec	34	148	62
Gervelis,Gary M	PublicUtil	Manager 2	11	245	62
Gihring,Eugene H	City Light	Electrician CC	25	238	67
Gilliam,Beverly J	Vested		16	18	60
Greer,Mitchell Steven	InfoTech		20	156	62
Hamilton,Isabel A	Parks Dept	Concss Coordin	17	128	73
Hammerbeck,Rodney K	Parks Dept	Sr. Carpenter	24	286	68
Hargrave,Margarite D	Parks Dept	Special Events Scheduler	15	165	63
Harris,Grace A	PublicUtil	Strat Advr 2	12	175	66
Harris,Peter Kennett	LegCtyCncl	Legist Strat Advr	29	60	65
Harris,Sally L	Police	Vested	8	10	62
Harwood,John R	PublicUtil	Sr Constr & Maint Equip Op	30	363	63
Hassinger,Virginia	Parks Dept	Sr Capital Proj Coord	29	342	58
Hendrix,Linda J	SDOT	Radio Dispatcher	32	215	57
Herrick,John R	PublicUtil	Solid Wst Supvr	26	50	67
Hess,Dennis L	PublicUtil	Supervising Civil Engineer	15	95	60
Hill,Melissa Jo	PublicUtil	Sr. Civil Engring Specialist	27	337	65
Hilmoe,David J	PublicUtil	Executive 2	30	297	59

Retiree	Department Name	Position	Yrs	Days	Age
Hinman,Keith R	PublicUtil	Manager 3	12	181	61
Hogan,Janet G	Library	Librarian	25	116	63
Hogan,Kevin Michael	Police	Chief Warehouse	29	152	62
Hollingsworth,Raft Tyrol	Parks Dept	Rec Program Coordinator	29	257	64
Holloway,Lloyd	FAS	Vested	18	169	57
Honeycutt,Linda	Human Svcs	Financial Analyst	1	316	64
Hooper,Richard C	EXEC DEPTS	Executive 3	33	302	66
Hubert,Linda W	Parks Dept	Manager 2	37	315	62
Humber,Linda	PublicUtil	Admin Staff Asst	17	153	66
Hume,Judith A	City Light	Vested	15	236	59
HUMES, TIMOTHY W	Vested		7	153	66
Hunter-Willis,Elizabeth Ann	Parks Dept	Special Event Scheduler	26	56	54
Ireland,David A	FIRE	Res & Eval Asst	7	87	67
Israel,Gina A	Police	Strat Advr 2	28	280	53
Jack,Steve Warner	Vested		11	212	57
Jennings,Earl J	Sea Center	Admin Spec I	7	200	64
Jewell,Christopher L	Parks Dept	Strat Advr 2	10	224	55
Johnson,Gary L	City Light	Hydro Maint Machinist	29	97	64
Johnson,Jack Gaylord	Vested	Vested	10	332	60
Johnson,Larry D	City Light	Senior Personnel Specialist	13	300	64
Jones,Fredrick D	Parks Dept	Util Laborer	46	95	69
Justad,Alan	DPD	Exec 3	31	51	66
Kaiser,Marlene P	City Light	Actg Tech II	24	216	68
KENNEDY, CORINNE L	Vested	Vested	8	89	64
Ketelsen,James A	City Light	Streetlighting Journeyman	34	66	67
Keys,Victor G	DPD	Mech Inspector Supv	30	322	57
Kiel,Robert A	Parks Dept		27	310	55
Kilpatrick,Lynne Marie	Vested	Vested	20	118	53
King,Shama M	City Light	Program Intake Rep	20	36	70
Kirlin,Vincent J	FAS	Bldg Operating Engr	23	223	61
Klosky,Kathryn G	InfoTech	Manager	10	120	60
Knechtel,Steven B	Sea Center	Security Officer	15	337	66
Knopf,Julie Lynn	City Light	Generation Supervisor - BU	30	6	55
Ko,Elaine	LegCtyCncl	Legislative Asst	16	123	59
Kongaika,Alisi Ana	SDOT	Constr & Maint Equip Op	17	230	62
KRIEGER, JAMES W.	KC Health		19	190	58
Kuper,Janice Peterson	Vested	Vested	8	342	62
Lafayette,Donna R	City Light	Electrician	25	314	66
Laranang,Julia M	Sea Center	Mgmt Sys Analyst	29	90	63
LASBY, Bill M.	KC Health		40	22	63
Lau,Jeany Ip	PublicUtil	Strat Advr I	29	32	60
Laurance,James	SDOT	Heavy Truck Driver	17	83	67
LAVERGNE, STEVE	Vested	Vested	9	192	72
Ling,Shu Chen Lee	City Light	Civil Engr Spec Asst III	23	77	58
Little Sr.,John J	PublicUtil	Drainage/Wastewater Coll Worker	20	232	69
Long,Cheryl R	FAS	IT Prof C	22	317	63
Lovrovich,Sharon A	Muni Court	Manager 2	39	191	64
Lui,Georgiana P	SDHR	Benefits Assistant	30	108	63
Lush,Janis Kawamura	City Light	Strat Advr II	20	62	62
Lynch,Stanley J	City Light	Prot&Cntrl Elect II	18	358	69
Madden,Charles	PublicUtil	Manager 3	30	8	58
Maehara,Gary	City Light	Vested	5	266	62
Marleau,Linda Mei	SDOT	Assoc Civil Engr Spec	27	69	53
Martin,Kimball Craig	Vested		5	263	62
Mason,Edna	Vested	Vested	11	49	59
Mathisen,Janice Kirshen	Parks Dept	Public Ed Program Specialist	10	212	63
McCready,Philip K	DPD	Info Tech Prof A	23	259	58
McKenzie,Frank P	PublicUtil	Assoc Enviromental Analyst	27	7	62
McKinney,Kevin M	Police	Parking Enf Ofcr	22	256	59
MCKNIGHT, SHIRLEY A	Vested		2	355	66
McMillan,Jeffery L	Parks Dept	Utility Laborer	30	46	55

Retiree	Department Name	Position	Yrs	Days	Age
McRae,Vernon L	Police	Equip&Facils Coord, Sr.	21	51	69
Mellinger,Edward H	Parks Dept	Admin Spec I -BU	16	103	63
Miles,Shirley Ann	SDOT	Admin Staff Analyst	16	225	66
Miller,Sarah L	PublicUtil	Executive 2	27	108	55
Miller,Suzanne Margaret	City Light	Warehouser, Chief	21	1	67
Mills,Lynn C	City Light	Manager 3	13	236	63
Minato,Michael	FAS	Auto Maint CC	32	357	63
Mitchell,James E	City Light	Civil Engr Spec, Asst II	6	352	65
Nelson,Leslie G	PublicUtil	Sr. Civil Engineer	40	78	66
Newlin,Elizabeth H	Police	Latent Print Examiner	10	30	56
Newman,Diane Lynn	Police	Strategic Advisor 2	5	256	64
Newson,Donna M	PublicUtil	HR Specialist	29	293	66
Nguyen,Vung	Parks Dept	Facilities Maint. Wkr	7	115	62
Nielsen,Peggy Ann	SDOT	Sr. PR Specialist	14	78	68
Nishimura,Joy S	DPD	Sr. Electrical Inspector	36	261	58
Nucum,Miriam Pm	FAS	Info Tech Prof B -BU	30	135	59
Oakes,George W	City Light	Elect Power Sys Engr	26	192	54
O'Connor,John M	Library	Public Service Tech	13	125	63
Oday,John E	FAS	Auto Mechanic, Sr	39	279	65
Ohman,Donna J	PublicUtil	Civil Engineering Spec Supv	30	18	56
Okamoto,John D	EXEC DEPTS	Vested	18	234	60
Oliver,Charles W	InfoTech	Mgmt Syst Anlyst, Sr	33	72	64
Olson,John E	SDOT	Constr & Maint Equipmt Op	32	122	58
Olson,R Daniel	Vested	Vested	14	259	60
Ortiz,William P	FAS	Plumber	20	232	62
Owens,Garry W	NeighbDept	Plng&Dev Spec II	24	179	69
Pace,Ronald William	Muni Court	Chief Marshal	15	289	62
Page,Phillip L	Human Svcs	Vested	10	253	57
Palmer,Nancy C	PublicUtil	Mgmt Sys Anlyst Sr	32	218	64
Paquette,Ronald W	Parks Dept	Lead Tree Trimmer	9	257	62
Parsons,Christopher J	Personnel	Vested	21	315	63
Pavel,Ward B	PublicUtil	Manager 1, Utils	25	1	54
Perry,Patty A	SDOT	Sr. Bridge Operator	25	34	54
Petrie,Lynda E	Human Svcs	Case Manager	6	184	64
Pettis,Tim L	City Light	Power Struct Mech Crew Chief	26	230	60
Phillips,Sheila M	City Light	CSR	9	163	62
Picken,Melissa J	City Light	Supvr Elect Svr Rep	36	312	54
Pinegar,Charlotte A	Human Svcs	Vested	5	53	62
Plank,Darrell M	City Light	Line CC	17	149	65
Plumridge,Christopher N	Library	Library Assoc I	9	135	66
Proffer,Mary J	Police	Admin Spec II	23	132	64
Puente,Jessica	Vested	Vested	24	76	68
Purainer,Emmy B	PublicUtil	Actg Tech III -BU	41	17	66
Quiggle,Dee Dee L	FAS	Manager 2	30	57	61
Raczkowski,Paula S	FAS	Admin Spec I	27	97	57
Ramirez,Perlita R	PublicUtil	Senior Accountant	27	325	66
Ramsey,Charlotte Miya	Muni Court	Admin Spec II	9	99	62
Raynes,Loren R	SDOT	Manager 2	30	102	59
Reichert,Darlene Marie	PublicUtil	Heavy Truck Driver	27	45	62
Remme,Lanny J	Muni Court	Admin Spec II	6	207	67
Renner,Peter J	City Light	Strat Advr 3	30	332	60
Reynolds,Maureen E M	Police	Pol Comms Dispatcher, Chief	26	28	56
RICHARDSON JR, EARL	Vested		19	138	66
Rippee,Denise E	Personnel	Vested	11	196	61
Roberts,Gregory A	FIRE	Executive 2	1	279	64
Robertson,Loretta	Police	Data Technician	25	85	62
Robinson,Donna Marie	Law Dept	Legal Asst, Sr	24	131	63
Rolstad,Jerry E	SDOT	Constr & Maint Equip Op	42	225	66
Rosenstock,Joan	Sea Center	Strategic Advisor 2	28	198	62
Rowe,Dean Jay	City Light	Meter Electrician Crew Chief	21	263	59
Ruggles,Norman L	Vested	Vested	6	89	65

Retiree	Department Name	Position	Yrs	Days	Age
Safford,June E	PublicUtil	Util Acct Rep I	20	328	52
SAGE, ELIZABETH	VarDept	Vested	10	52	63
Sala,Tuere L	Vested		12	312	57
Salley,Sylvester	Sea Center	Painter CC	32	314	57
Santos,Barry Michael	SDOT	Cement Finisher Sr	21	173	52
Sarsfield,Craig R	Vested	Vested	5	129	62
Schmid,Robert G	Sea Center	Metal Fabricator	30	132	50
Schnad,Michael R	SDOT	Aboriculturist	40	207	65
Schneider,George Henry	PublicUtil	Manager 3	19	198	58
Schwab,Norman A	LegCityCncl	Legist Strat Advr	18	84	62
Schwartz,Gary	Parks Dept	Utility Laborer	35	43	59
Scott,Anna Marie	InfoTech	Info Tech Prof B	21	141	64
Searing,Betsey L	City Light	Landscaping Supervisor	28	355	61
Shaw,Sue Shen	FAS	Accounting Tech II	5	155	63
Sheets,John W	Library	Librn	41	191	65
Sheldon,Ann Carolyn	City Light	Admin Spec II	29	134	76
Sherrell,Felicia D	City Light	Admin Support Supervisor	15	271	57
Sidles III,George B	PublicUtil	Strategic Advisor 2	9	358	55
Sinner,Robin L	Police	Vested	24	228	52
Skeel,Timothy O	PublicUtil	Strat Advr 2	26	160	58
Skelton,John D	DPD	Manager 3	31	323	61
Snow,Paul F	Human Svcs	Counselor	5	277	67
Sorsensen, Kathy	Vested	Vested	8	137	62
Sparks,Regina R	Muni Court	Admin. Specialist	13	364	58
Sparrman,Goran Gunnar	SDOT	Executive 3	2	364	59
Speer,Thomas E	InfoTech	Video Specialist II	8	234	66
Spengler,Tamsen R	Human Svcs	Sr Grants and Contracts Spec	6	300	67
Steele,Patricia Ann	City Light	Senior Cap Proj Coord	12	299	62
Stevenson,Joseph E	SDOT	Truck Driver	23	102	61
Stoops,Kevin B	Parks Dept	Executive 2	37	19	58
Stotler,Randall L	City Light	Line C CC	33	102	54
SUTHERLAND, BRUCE	Vested	vested	2	53	68
Sutton,Gary L	FAS	Auto Mechanic	28	314	62
Sutton,Victoria Anne	Vested	Vested	23	35	52
Swanstrom,Robert J	PublicUtil	Heavy Truck Driver	18	299	59
Takema,Yasuyuki	FAS	Admin Spec I - MC	6	185	67
Takeuchi,Terry B	City Light	Asst Energy Mgmt Anlyst	31	205	58
TARCEA, ROBERT T	Parks Dept	Vested	13	22	62
Taylor,Patsy Sue	City Light	Labor Relations Coordinator	28	139	65
Taylor-Dupont,Gail N	City Light	Acct Tech II	20	266	66
Terrana,Gina Marie	Library	Library Assoc II	27	360	53
Thibert,Neil Francis	PublicUtil	Manager 3	29	262	62
Thies, Gregory J.	Vested	VESTED	16	210	64
Thomas,Jesse W	Parks Dept	Maint Laborer	28	33	63
Thompson,James C	DPD	Housing/Zoning Inspector Supv	27	73	66
Timmen,Linda Laigo	Police	Admin Spec I	28	142	67
Troyer-Merkel,Marian	Police	Manager 3	28	178	65
Turner,Yvonne M	Sea Center		25	58	66
Underwood,Sharron K	Police	Admin Spec I	23	339	70
Valerio,Maria C	InfoTech	Senior Exec Asst	30	217	58
Van Horn,Lisa J	FIRE	Manager 1	21	46	55
Venrick,Stephanie A	InfoTech	Executive 2	20	31	64
Walek,Heather	Parks Dept	Vested	17	271	60
Walker,Carol A	Law Dept	Paralegal Assistant II	21	25	54
Walls,Susan K	Parks Dept	Admin Spec II	23	271	66
Walsh,Elizabeth A	Library	Library Associate	42	334	66
Walsh,Marilyn E	Police	Strat Advr II	15	27	66
Walstead,Mark J	SDOT	Senior Financial Analyst	6	361	64
Ware,Alice M	Parks Dept	Rec Center Coordinator	35	21	59
Webster,Elaine	PublicUtil		20	0	54
Webster,Richard	Police	Victim Advocate	20	145	60

Retiree	Department Name	Position	Yrs	Days	Age
Wegzyn,Susanna Armijo	City Light	Admin Spec II	31	205	64
Weiland,Lila Irene	City Light	Util Manager I	30	267	60
WELTON, NANCY R	VarDept	Vested	8	246	62
Wheeler,Linda K	Vested	Vested	11	291	365
White,Robert A	Muni Court	Strat Advisor 3	41	151	63
Williams,Daniel H	City Light	Vested	5	342	65
Williams,Robert	Law Dept	Asst City Attorney	26	338	80
Williamson,Rosanne Marie	PublicUtil	Water Pipe Worker	29	30	52
Wiswell,Jonathan W	InfoTech	Manager 3	30	202	69
Wolfe,Ronni B	SDOT	Admin Spec II - BU	7	268	66
Wollett,Frederick Ernest	Law Dept	Assistant City Attorney	18	51	69
Wong,Joe M	SDOT	Parking Pay Stat Tech	23	247	61
Wong,Kenneth M	SDOT	Civil Engineering Spec, Asst III	41	31	66
Wong,Tony Hing	FAS	Acct Tech II -BU	32	95	56
Wright,Tanafriti	PublicUtil	Admin Spec I -BU	14	5	75
Young,Bruce C	City Light	Mat Supp Elect	33	204	64
Zantek,John	Police	Vested	5	127	62
Zeldner,Wendy S	City Light	Manager 3	30	92	63
Zolton,Larry	Parks Dept	Trng&Ed Coord, Sr.	27	222	62
Total Service Retirements			320		

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
RETIRED MEMBERS DECEASED IN 2014**

Name	Dept Name	Retired For	Date Retired	Date of Death	Age at Death
Alonzo, Henry A		Service	9/1/1982	4/18/2014	91
Anchan, Raymond E.	Light	Service	5/4/2005	9/24/2014	71
Anderson, Roland C	Parks	Service	3/4/2009	2/19/2014	67
BURT, JAMES C.	Library	Service	1/21/2000	10/25/2014	70
Banta, Doug	Parks	Service	3/16/2001	2/17/2014	75
Bell, David M.	Light	Service	6/3/1997	12/11/2014	74
Bentler, Elsie A		Service	2/1/1983	12/14/2014	93
Black, James S	City Light	Service	8/2/1985	11/11/2014	92
Brenden, Vernon O		Service	4/1/1987	1/29/2014	88
Brice, Herbert B	City Light	Service	3/1/1990	12/9/2014	82
Brown, Donald J		Service	8/1/1988	3/29/2014	79
Brown-Jones, Barbara Ann	Water	Service	4/3/1996	5/3/2014	80
Butler, Bryce W		Service	11/1/1986	1/28/2014	90
Carbray, Mary D		Service	2/1/1979	6/16/2014	98
Carter, Emily N		Service	7/1/1994	7/23/2014	83
Chinn, Eddy		Service	5/1/1987	3/13/2014	89
Clark, Lyle F		Service	5/1/1980	4/29/2014	85
Comnick, Carl F		Service	9/1/1979	4/13/2014	99
Compton, James N	Legis	Service	1/4/2006	3/18/2014	72
Cook, David W.	ESD	Service	5/5/2004	2/15/2014	72
Cornelius, Myron L.	Law	Service	2/9/2000	3/3/2014	70
Cox, Judith	OMP	Service	4/3/2003	5/18/2014	73
Crosetti, Albert		Service	6/1/1984	7/18/2014	91
Cullinane, John B	Sea Ctr	Service	6/1/1992	12/10/2014	85
Das, Deb K	Light	Service	1/8/2007	8/30/2014	78
Davis, Donald F.	Light	Service	8/2/2007	10/21/2014	64
Davis, Maxine H		Service	9/1/1979	7/9/2014	96
Dexter, Ralph F	City Light	Service	10/1/1985	10/10/2014	85
Dion, Charles T		Service	7/1/1983	4/28/2014	92
Donohoe, Ellen M	Light	Service	5/1/1994	6/27/2014	85
Dows, Virginia E		Service	12/1/1982	10/7/2014	93
Dubois, Bruce L.	Light	Service	10/11/2000	3/4/2014	72
Durocher, Edmond R	City Light	Service	3/4/1986	4/1/2014	88
Farnham, Charles P	Light	Service	6/1/1994	3/17/2014	82
Ferrier, Harvey D	DPD	Service	5/4/1990	12/3/2014	85
Fifield, John G.	Seattle Center	Service	3/2/2002	3/25/2014	74
Flemings, Robert J		Service	2/1/1993	7/28/2014	81
Foster, Harry R		Service	2/1/1982	9/30/2014	94
Franco, Jack L	Parks	Service	1/15/2013	8/12/2014	70
Fukeda, George T	DPD	Service	1/1/1995	10/10/2014	82
Funk, Curtis C	Personnel	Service	3/2/2011	2/9/2014	68

Name	Dept Name	Retired For	Date Retired	Date of Death	Age at Death
Gaskins,Wilma E		Service	11/1/1989	9/30/2014	87
Gee,Wayne J	SEATRAN	Service	6/6/2006	11/1/2014	70
Geehan,John W. Jr	Light	Service	9/9/1997	7/3/2014	81
Gertsch, David C.	Parks	Service	6/18/2003	11/11/2014	68
Gillespie,Effie S		Service	3/1/1983	5/6/2014	96
Gillis,Lester J		Service	7/1/1978	12/3/2014	93
Gilmore, William J.	Seattle Center	Service	7/9/2003	9/13/2014	77
Girouord,Carroll J	Light	Service	4/1/1995	3/5/2014	84
Goddard,Marian M	Human Svcs	Service	7/1/1994	9/22/2014	85
Goode, Robert J.	Parks	Service	6/13/2007	4/10/2014	63
Gooding, Betty	Muni Ct	Service	8/4/2003	7/21/2014	78
Griffin, Alice	Muni Court	Service	8/1/1996	1/24/2014	83
Haberkorn,Stanley G		Service	2/1/1987	10/19/2014	89
Hall,Donald K		Service	5/1/1989	1/11/2014	96
Hall,Jane C		Service	5/1/1981	11/27/2014	95
Harrell,Rose T		Service	8/1/1993	10/11/2014	81
Henrichs,Betty J		Service	9/1/1988	3/5/2014	90
Henstone,Joan M.	Light	Service	7/7/1999	8/18/2014	81
Hill,Mamie D	Seattle Center	Service	8/29/2011	12/7/2014	78
Hoffman,Evert K		Service	8/1/1980	3/25/2014	98
Hoidal,Karl E		Service	1/1/1981	1/24/2014	87
Hooker,Edna E		Service	11/1/1978	10/25/2014	96
Hott,Gary D.	Light	Service	4/12/2000	5/14/2014	71
Howell,Richard T		Service	10/1/1993	2/18/2014	89
Huggins,Rose M		Service	7/1/1993	2/16/2014	83
Hulslander,James		Service	9/1/1984	4/17/2014	89
Hunich,Kenneth H	City Light	Service	6/1/1990	3/1/2014	88
Hutchinson, Dale	Light	Service	6/19/1996	1/30/2014	81
Jarrett,Paul W		Service	4/1/1987	3/6/2014	82
Johnson,Scott B	Seattle Center	Service	11/1/2005	5/20/2014	69
Johnston,James E	Light	Service	5/1/1995	7/11/2014	84
Johnston,Robert A		Service	10/1/1985	9/28/2014	91
Jones,Harley D		Service	9/1/1988	9/16/2014	88
Kakida,Terry J	0	Service	1/2/2013	6/18/2014	60
Kazama,Sally S		Service	6/1/1986	12/30/2014	93
Kimball,Theresa J	Human Services	Service	3/28/2011	5/10/2014	64
Koher,Lloyd J		Service	9/1/1989	8/6/2014	88
Kokita,Hideo W	PublicUtil	Service	10/1/1988	5/4/2014	87
Krummel,Paul F	City Light	Service	3/1/1984	3/3/2014	95
LaVergne,Cheryl J.	Seattle Center	Service	12/8/1999	2/15/2014	65
Lane,Arthur T	Law Dept	Service	10/1/1988	8/24/2014	84
Larson,Henry E		Service	12/1/1979	5/12/2014	94
Lind,Harold B		Service	7/1/1986	3/29/2014	81
Loffler,Hans M		Service	7/1/1981	11/24/2014	92

Name	Dept Name	Retired For	Date Retired	Date of Death	Age at Death
Lovell,Ardelia A		Service	1/1/1994	4/23/2014	81
Lynch,George	Seattle Center	Service	3/2/2000	5/10/2014	66
Maloney,Edmund F	City Light	Service	7/1/1989	12/22/2014	90
Manning, Frank M	City Light	Service	7/1/1984	11/3/2014	92
Mar,Mary Ellen	Seattle Center	Service	12/12/2012	6/22/2014	59
Marchand,Leo L		Service	4/1/1990	4/26/2014	82
Martin,Larry J	DCLU	Service	9/22/2004	4/7/2014	75
Martz,Glenna J	Library	Service	6/30/1995	11/1/2014	85
Matthiesen,Marvin E	PublicUtil	Service	9/17/1993	9/3/2014	72
Mayor,Joan K	Light	Service	6/1/1997	2/27/2014	68
McCloud,Paul D	Police	Service	11/3/2004	3/11/2014	71
Meals,William J		Service	8/1/1985	1/5/2014	91
Mendoza,Perfecto	DAS	Service	1/7/1998	5/9/2014	78
Meredith, Colleen A.	Police	Service	5/13/2002	3/24/2014	68
Milt,Jack W	SDOT	Service	4/1/1984	7/13/2014	91
Moore, Dalene H	Vested	Service	10/1/2009	10/20/2014	66
Mora,Benny O	Parks Dept	Service	6/2/1993	12/8/2014	89
Mulholland,Robert J	Sea Center	Service	9/1/1990	10/2/2014	89
Murray,Cheryl A	Seattle Center	Service	10/30/2013	12/22/2014	64
Nagamatsu, Lois H	Light	Service	3/3/2010	8/14/2014	62
Nikolaisen,Paul F	TES	Service	9/16/1998	11/13/2014	76
Nilson,Edward L		Service	10/21/1986	8/17/2014	92
Nixon,Dorothy L	KC Health	Service	12/1/1989	1/19/2014	84
O'Halloran, Michael	Light	Service	5/5/2004	7/2/2014	70
Oppenheimer,Mildred		Service	7/1/1990	6/19/2014	89
PENMAN,NORMA J.	Police	Service	6/7/2000	9/26/2014	68
Palao, Henry E		Service	3/1/1989	2/1/2014	89
Payne,Debra J.	ESD	Service	7/8/2000	6/19/2014	62
Peffer, Lou-Ellen	DCLU	Service	10/1/2002	10/17/2014	73
Phillips,Jr.,Claude	Water	Service	1/1/1997	7/7/2014	78
Ralph,Joseph G		Service	1/1/1992	10/25/2014	78
Reif,Herbert J		Service	10/1/1989	3/18/2014	93
Rennie,Robert L		Service	9/1/1985	7/4/2014	89
Richmond,Stewart E	DPD	Service	7/13/1994	11/8/2014	76
Robinson,Don G		Service	2/1/1991	6/13/2014	85
Rossner,Michael S	Library	Service	11/28/1998	12/11/2014	71
Rouleau,Earl		Service	2/1/1982	9/23/2014	95
Ruddell,Mildred C		Service	1/1/1975	12/10/2014	103
Russell, Richard B	Seattle Center	Service	7/7/2010	4/4/2014	64
Santos,Adelaida R	DCLU	Service	7/14/1998	5/21/2014	78
Schellenberg,Lyle R		Service	8/1/1978	7/28/2014	94
Schork,Raymond F		Service	6/1/1990	6/22/2014	92
Schweitzer,Galen R		Service	8/1/1983	10/15/2014	87
Scott,Aubrey		Service	8/1/1987	3/25/2014	86

Name	Dept Name	Retired For	Date Retired	Date of Death	Age at Death
Sims,Alexander C		Service	3/1/1992	6/19/2014	86
Smith, Robert G	Light	Service	4/29/2009	8/22/2014	70
Smith,Allan T.	DAS	Service	3/4/1997	3/29/2014	77
Smith,Buford L	PublicUtil	Service	11/1/1987	12/23/2014	92
Stevens,John B		Service	9/1/1981	5/11/2014	87
Stiles,Edward V		Service	3/1/1989	11/12/2014	87
Suzuki,Warren K		Service	7/1/1983	3/18/2014	93
Swofford,Wallace C.	ESD	Service	3/5/2005	9/14/2014	74
Thomas,John W		Service	9/1/1986	9/9/2014	88
Thornquist,Harold T		Service	6/1/1978	6/28/2014	96
Tostevin, George	City Light	Service	1/2/1996	10/23/2014	83
Turner,Elmer		Service	4/1/1991	7/1/2014	88
Tyson,Royal L	SDOT	Service	10/1/1982	7/7/2014	93
Umbach,Fredrich P.	Light	Service	4/3/2001	1/20/2014	74
Vasser,Clennon	Police	Service	5/1/1991	7/13/2014	88
Voigt,Helen Larsen	City Light	Service	12/1/1978	4/25/2014	97
Voss, Lonnie L.	City Light	Service	10/3/2007	11/25/2014	69
Widhalm,Carol D	Seattle Center	Service	8/3/2011	11/22/2014	64
Williams, Rebecca E	Human Services	Service	11/10/2010	1/3/2014	73
Wilson,Donald J		Service	11/1/1975	2/28/2014	95
Witham,Helen D		Service	6/1/1982	10/5/2014	100
Wold,Sidney A	Parks Dept	Service	11/1/1985	8/7/2014	91
Woodward,Carol E	Library	Service	3/23/2005	5/2/2014	77
Woodworth, John T	Light	Service	7/9/2008	8/21/2014	75
Yamaguchi,Kozo		Service	10/1/1981	7/25/2014	86
Yates,Jack T		Service	9/1/1995	9/5/2014	80
Younge,Karen	Seattle Center	Service	5/2/2013	8/31/2014	58
Zottman,Archie L		Service	8/1/1988	3/14/2014	87

Average Age of Deceased Service Pensioner	82.0
Average Age of Deceased Disability Pensioner	N/A
Number of Service Pensioners Deceased	157
Number of Disability Pensioners Deceased	0
Death Benefits for Deceased Active and Retired	280,000
Refunds Under Option "A"	2
Refunds Under Disability	0

DEATHS IN ACTIVE SERVICE DURING 2014

Member	Position	Department	Age
Case,William	Asphalt Raker,Sr	Seattle Dept of Transportation	56
Oliver,Marlene E	Rec Attendant	Parks Department	63
Rose,Anthony W	Util Constr Wkr	City Light	38
Count			3
Average Age			52.3

DEATH BENEFIT SYSTEM**For The Year Ended December 31, 2014**

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 3 payouts for deaths in active service and 157 claims from retired employees - a total of 160 claims. This compares with 12 deaths in active service in 2013, and 181 claims from retired employees - a total of 193. The claims totaled \$230,000 in 2012 and \$304,000 in 2013.

Income from Active and Retired Employees:		\$	146,841
Income from Employers:			
Seattle City Light	\$	32,333	
General Fund		30,718	
Seattle Public Utilities		21,907	
Seattle Parks Department		15,049	
Transportation		12,613	
Library		9,486	
Administrative Services		9,787	
Seattle Center		5,157	
Planning and Development		5,777	
King County/Metro		3,672	
Employees' Retirement System		354	
Total from Employer Funds	\$	146,853	
Total paid into Death Benefit Reserve	\$	293,694	
<u>Less: Death Benefit Claims – 2014</u>	\$	<u>280,000</u>	
Total 2014 Addition to Operating Fund Balance	\$	13,694	

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 320 service retirements during 2014, 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.

Benefit Calculation

In accordance with the Seattle Municipal Code, the retirement benefit is the higher of the results of the two formulas shown below:

Service Retirement Formula: (years of City service) x (yearly percentage factor) x (average of the highest 52 consecutive pay periods of pay). The maximum years of service used by the formula is 30.

Contribution-Based Formula (2 Times Match): The employee contribution plus interest multiplied by two, used to purchase a lifetime annuity.

These calculations determine the “straight” or unmodified benefit. There are retirement options that offer a lower benefit amount in exchange for different kinds of guaranteed payments. See the retirement handbook at www.seattle.gov/retirement for more information.

Note that there are two kinds of service used in the above calculations:

City service is the retirement-eligible hours you earn during your employment with the City. This includes all regular hours and excludes overtime. City service is used in the *Service Retirement Formula*.

Eligibility service is your City service together with any service you have earned from a system that has portability with SCERS. Portable systems include the cities of Spokane and Tacoma, and most systems operated by the Washington State Department of Retirement Systems. Eligibility service is used to determine the percentage factor for the service retirement formula.

The table below shows how the yearly percentage factor in the *Service Retirement Formula* is determined based on the number of years of retirement eligibility service credit and age at retirement.

Yearly Percentage Factors used in the Service Retirement Formula

Years of Retirement Eligibility Service Credit	Age at Retirement															Years of Retirement Eligibility Service Credit				
	Any	52	53	54	55	56	57	58	59	60	61	62	63	64	65					
30 or more	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	30 or more			
29		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	29			
28		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	28			
27		1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	27			
26		1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	26			
25		1.7	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	25			
24		1.6	1.7	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	24			
23		1.5	1.6	1.7	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	23			
22		1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	22			
21		1.3	1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	21			
20		1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	20			
19							1.52	1.58	1.64	1.7	1.76	1.82	1.88	1.94	2.0	2.0	19			
18							1.52	1.58	1.64	1.7	1.76	1.82	1.88	1.94	2.0	2.0	18			
17							1.52	1.58	1.64	1.7	1.76	1.82	1.88	1.94	2.0	2.0	17			
16							1.52	1.58	1.64	1.7	1.76	1.82	1.88	1.94	2.0	2.0	16			
15							1.52	1.58	1.64	1.7	1.76	1.82	1.88	1.94	2.0	2.0	15			
14							1.52	1.58	1.64	1.7	1.76	1.82	1.88	1.94	2.0	2.0	14			
13							1.52	1.58	1.64	1.7	1.76	1.82	1.88	1.94	2.0	2.0	13			
12							Not Eligible To Retire				1.52	1.58	1.64	1.7	1.76	1.82	1.88	1.94	2.0	12
11							1.52	1.58	1.64	1.7	1.76	1.82	1.88	1.94	2.0	2.0	11			
10							1.52	1.58	1.64	1.7	1.76	1.82	1.88	1.94	2.0	2.0	10			
9												1.82	1.88	1.94	2.0	2.0	9			
8												1.82	1.88	1.94	2.0	2.0	8			
7												1.82	1.88	1.94	2.0	2.0	7			
6												1.82	1.88	1.94	2.0	2.0	6			
5												1.82	1.88	1.94	2.0	2.0	5			