

# Firefighters Pension

## Steve Brown, Executive Secretary

### Contact Information

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### Department Description

The Firefighters Pension system provides responsive benefit services to eligible active and retired firefighters. Firefighters eligible for these services are those who, as a result of being hired before October 1, 1977, are members of the Law Enforcement Officers and Fire Fighters Retirement System Plan I (LEOFF I), and those who are pre-LEOFF, that is, those hired before March 1, 1970, the effective date of the Washington Law Enforcement Officers' and Fire Fighters' Retirement System Act. The City of Seattle Firefighter's Pension Fund is responsible for all pre-LEOFF pension benefits and that portion of the previous municipal firefighter pension benefits that exceed LEOFF Plan I entitlements, including the pension benefits of their lawful beneficiaries, as well as for all medical benefits provided to qualifying active and retired Seattle firefighters. Both the Seattle Firefighters Pension Fund and the LEOFF Plan I are closed systems and have not accepted new enrollments since October 1, 1977. Seattle firefighters hired after this date are automatically enrolled in the State's LEOFF Plan II, for which the Seattle Firefighters Pension Fund has no pension or medical benefit obligation.

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

The projections of annual pension and medical benefits, which comprise about 97% of the total annual budget, are based on forecasts of an independent actuary. The Firefighters Pension Fund has two statutory funding sources; one from the County's Property Tax, and the other a State Fire Insurance Premium Tax. These revenues are placed in the City's General Subfund, which, in turn, provides for the Fire Pension Fund's annual budget.

The Firefighters Pension system includes two funds: the Fire Pension Fund, which pays current pension, medical, and death benefits; and the Actuarial Account, which was established by Ordinance 117216 in 1994, and which was designed to pay future pension liabilities of the Fund.

### Policy and Program Changes

The 2011 Adopted Budget is \$1.1 million less than the 2010 Adopted Budget. This reduction is due almost entirely to the actuary's reduced forecast of pension benefits for 2011. The Adopted Budget uses \$1,500,000 of the projected 2010 year-end fund balance to offset expenditures in 2011. This projected fund balance is in excess of the \$500,000 in the Contingency Reserve and is available because actual 2009 expenditures were less than anticipated in the 2009 Adopted Budget, and projected 2010 pension and medical costs are less than anticipated in the 2010 Adopted Budget.

The 2011 Adopted Budget includes legislation that would continue the suspension of transfers to the Actuarial Account for 2011 and 2012. Increases in firefighters' pay have been significantly greater than were assumed when the Account was established in 1994, while interest earnings on the Account balance have been much lower than originally expected. Without this legislation, \$7.8 million would need to be transferred from the General Subfund to the Actuarial Account in the 2011-2012 biennium. The proposed legislation calls for a review of the funding for the Actuarial Account in 2012 by the Department of Finance and Administrative Services, the City Budget Office, and the Firefighters Pension Board.

## Firefighters Pension

<b>Appropriations</b>	<b>Summit Code</b>	<b>2009 Actual</b>	<b>2010 Adopted</b>	<b>2011 Adopted</b>	<b>2012 Endorsed</b>
<b>Firefighters Pension Budget Control Level</b>					
Administration		558,331	553,501	567,339	581,522
Death Benefits		12,941	15,000	15,000	15,000
Medical Benefits		9,150,359	10,750,000	10,700,000	11,300,000
Pensions		9,763,081	9,925,000	8,860,715	8,888,896
Transfer to Actuarial Account		0	0	0	0
<b>Firefighters Pension Budget Control Level</b>	<b>R2F01</b>	<b>19,484,713</b>	<b>21,243,500</b>	<b>20,143,053</b>	<b>20,785,418</b>
<b>Department Total</b>		<b>19,484,713</b>	<b>21,243,500</b>	<b>20,143,053</b>	<b>20,785,418</b>
<b>Department Full-time Equivalents Total*</b>		<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>

*\* FTE totals are provided for informational purposes only.*

<b>Resources</b>	<b>2009 Actual</b>	<b>2010 Adopted</b>	<b>2011 Adopted</b>	<b>2012 Endorsed</b>
General Subfund	20,316,873	17,530,786	17,758,533	19,918,668
Other	(832,160)	3,712,714	2,384,520	866,749
<b>Department Total</b>	<b>19,484,713</b>	<b>21,243,500</b>	<b>20,143,053</b>	<b>20,785,418</b>

# Firefighters Pension

## Firefighters Pension Budget Control Level

### Purpose Statement

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

<b>Program Expenditures</b>	<b>2009 Actual</b>	<b>2010 Adopted</b>	<b>2011 Adopted</b>	<b>2012 Endorsed</b>
Administration	558,331	553,501	567,339	581,522
Death Benefits	12,941	15,000	15,000	15,000
Medical Benefits	9,150,359	10,750,000	10,700,000	11,300,000
Pensions	9,763,081	9,925,000	8,860,715	8,888,896
Transfer to Actuarial Account	0	0	0	0
<b>Total</b>	<b>19,484,713</b>	<b>21,243,500</b>	<b>20,143,053</b>	<b>20,785,418</b>
Full-time Equivalents Total *	4.00	4.00	4.00	4.00

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

## Firefighters Pension: Administration

### Purpose Statement

The purpose of the Administration Program is to administer the medical and pension benefits programs for active and retired members.

### Program Summary

There are no substantive changes from the 2010 Adopted Budget.

<b>Expenditures/FTE</b>	<b>2009 Actual</b>	<b>2010 Adopted</b>	<b>2011 Adopted</b>	<b>2012 Endorsed</b>
Administration	558,331	553,501	567,339	581,522
Full-time Equivalents Total*	4.00	4.00	4.00	4.00

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

## Firefighters Pension: Death Benefits

### Purpose Statement

The purpose of the Death Benefits Program is to disburse benefits and ensure proper documentation of deceased members' death benefits.

### Program Summary

There are no substantive changes from the 2010 Adopted Budget.

<b>Expenditures</b>	<b>2009 Actual</b>	<b>2010 Adopted</b>	<b>2011 Adopted</b>	<b>2012 Endorsed</b>
Death Benefits	12,941	15,000	15,000	15,000

# Firefighters Pension

## Firefighters Pension: Medical Benefits

### Purpose Statement

The purpose of the Medical Benefits Program is to provide medical benefits to eligible members as prescribed by state law.

### Program Summary

Decrease the Medical Benefits Program by \$50,000 from the 2010 Adopted Budget due to a reduction in projected medical costs.

	2009	2010	2011	2012
Expenditures	Actual	Adopted	Adopted	Endorsed
Medical Benefits	9,150,359	10,750,000	10,700,000	11,300,000

## Firefighters Pension: Pensions

### Purpose Statement

The purpose of the Pensions Program is to administer the various facets of the members' pension benefits, which includes the calculation of benefits, the disbursement of funds, and pension counseling for active and retired members.

### Program Summary

Decrease the Pensions Program by \$1,064,000 from the 2010 Adopted Budget due to a reduction in projected pension costs.

	2009	2010	2011	2012
Expenditures	Actual	Adopted	Adopted	Endorsed
Pensions	9,763,081	9,925,000	8,860,715	8,888,896

## Firefighters Pension: Transfer to Actuarial Account

### Purpose Statement

The purpose of the Transfer to Actuarial Account Program is to fully fund the actuarial pension liability for the fund.

### Program Summary

There are no substantive changes from the 2010 Adopted Budget. Transfers to the Actuarial Account were suspended in 2009 and 2010, and are suspended for 2011 and 2012.

	2009	2010	2011	2012
Expenditures	Actual	Adopted	Adopted	Endorsed
Transfer to Actuarial Account	0	0	0	0

## Firefighters Pension

### 2011 - 2012 Estimated Revenues for the Firefighters Pension Fund

Summit Code	Source	2009 Actuals	2010 Adopted	2010 Revised	2011 Adopted	2012 Endorsed
436691	Fire Insurance Premium Tax	813,994	813,994	866,750	866,750	866,750
	<b>Total Fire Insurance Premium Tax</b>	<b>813,994</b>	<b>813,994</b>	<b>866,750</b>	<b>866,750</b>	<b>866,750</b>
587001	General Subfund	20,316,873	17,530,786	17,530,786	17,758,532	19,918,668
	<b>Total General Subfund</b>	<b>20,316,873</b>	<b>17,530,786</b>	<b>17,530,786</b>	<b>17,758,532</b>	<b>19,918,668</b>
	<b>Total Revenues</b>	<b>21,130,867</b>	<b>18,344,780</b>	<b>18,397,536</b>	<b>18,625,282</b>	<b>20,785,418</b>
379100	Use of Fund Balance	(1,646,155)	2,898,721	1,678,965	1,517,771	0
	<b>Total Use of Fund Balance</b>	<b>(1,646,155)</b>	<b>2,898,721</b>	<b>1,678,965</b>	<b>1,517,771</b>	<b>0</b>
	<b>Total Resources</b>	<b>19,484,712</b>	<b>21,243,501</b>	<b>20,076,501</b>	<b>20,143,053</b>	<b>20,785,418</b>

## Firefighters Pension

### Firefighters Pension Fund

	2009 Actuals	2010 Adopted	2010 Revised	2011 Adopted	2012 Endorsed
<b>Beginning Fund Balance</b>	<b>11,498,244</b>	<b>11,903,463</b>	<b>13,273,312</b>	<b>11,594,347</b>	<b>10,076,576</b>
Accounting and Technical Adjustments	128,914	0	0	0	0
Plus: Actual and Estimated Revenue	21,130,867	18,344,780	18,397,536	18,625,282	20,785,418
Less: Actual and Budgeted Expenditures	19,484,713	21,243,500	20,076,501	20,143,053	20,785,418
<b>Ending Fund Balance</b>	<b>13,273,312</b>	<b>9,004,743</b>	<b>11,594,347</b>	<b>10,076,576</b>	<b>10,076,576</b>
Actuarial Account Balance	9,576,576		9,575,576	9,576,576	9,576,576
Contingency Reserve	500,000	500,000	500,000	500,000	500,000
<b>Total Reserves</b>	<b>10,076,576</b>	<b>500,000</b>	<b>10,075,576</b>	<b>10,076,576</b>	<b>10,076,576</b>
<b>Ending Unreserved Fund Balance</b>	<b>3,196,736</b>	<b>8,504,743</b>	<b>1,518,771</b>	<b>0</b>	<b>0</b>

*The Firefighters Pension Fund is composed of a Contingency Reserve and the Actuarial Account Balance. City Financial Policy specifies a target fund balance of \$500,000 in the Contingency Reserve. The 2011 Adopted Budget includes legislation that would continue the suspension of transfers into the Actuarial Account for 2011 and 2012. Prior to the 2011 Adopted Budget, these two fund reserves were not shown separately. The 2010 Adopted Budget does not specify an Actuarial Account balance.*