

Firefighter's Pension

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<http://www.seattle.gov/firepension/>

Department Overview

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

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

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

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

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

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

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

Budget Snapshot

	2020 Actuals	2021 Adopted	2022 Adopted
Department Support			
Other Funding - Operating	20,644,722	21,020,461	21,921,588
Total Operations	20,644,722	21,020,461	21,921,588
Total Appropriations	20,644,722	21,020,461	21,921,588

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Full-Time Equivalents Total*	4.00	4.00	4.00
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** FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here*

Budget Overview

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

In November 2016, Council passed Ordinance 125190 which requires an actuarially determined level payment amount from the City to the FPEN Fund each year to cover pension benefit costs. Any remaining difference between the payment amount and actual pension benefit costs is transferred to the Actuarial Account for FPEN's future pension obligations. The account is invested in a portfolio managed by the Department of Finance and Administrative Services (FAS). The 2022 Adopted Budget assumes an annual rate of return of 5.5% on the investment portfolio and that the returns are continuously reinvested.

The 2022 Adopted Budget increases \$901,127 from the 2021 Adopted Budget. It includes an increase of \$23,127 for centrally adjusted administrative and labor costs and an increase of an estimated \$878,000 to allow for the year-end transfer to the Actuarial Account.

City Council Changes to the Proposed Budget

The Council made no changes to the 2022 Proposed Budget

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Incremental Budget Changes

Firefighter's Pension

	Dollars	FTE
2021 Adopted Budget	21,020,461	4.00
Baseline		
Citywide Adjustments for Standard Cost Changes	23,127	-
Proposed Operating		
Adjustments for Actuarial Fund Transfer	878,000	-
Total Incremental Changes	\$901,127	-
Total 2022 Adopted Budget	\$21,921,588	4.00

Description of Incremental Budget Changes

Baseline

Citywide Adjustments for Standard Cost Changes

Expenditures \$23,127

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

Proposed Operating

Adjustments for Actuarial Fund Transfer

Expenditures \$878,000

Revenues \$901,127

This change increases appropriation authority in the Firefighters' Pension Fund (61040) and revenues in the Firefighters' Actuarial Account (61050) to ensure sufficient authority to make the expected end-of-year transfer in accordance with Ordinance 125190. If necessary, this transfer will be funded by use of existing fund balance.

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Expenditure Overview

	2020 Actuals	2021 Adopted	2022 Adopted
Appropriations			
FPEN - BO-FP-R2F01 - Firefighters Pension			
61040 - Fireman's Pension Fund	20,644,722	21,020,461	21,921,588
Total for BSL: BO-FP-R2F01	20,644,722	21,020,461	21,921,588
 Department Total	 20,644,722	 21,020,461	 21,921,588
 Department Full-Time Equivalents Total*	 4.00	 4.00	 4.00

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Budget Summary by Fund Firefighter's Pension

	2020 Actuals	2021 Adopted	2022 Adopted
61040 - Fireman's Pension Fund	20,644,722	21,020,461	21,921,588
Budget Totals for FPEN	20,644,722	21,020,461	21,921,588

Revenue Overview

2022 Estimated Revenues

Account Code	Account Name	2020 Actuals	2021 Adopted	2022 Adopted
335130	Fire Insur Premium Tax	1,153,408	1,161,000	1,161,000
360430	Employr Pnsn Contributions	19,121,362	19,099,362	19,099,362
360900	Miscellaneous Revs-Other Rev	468,720	478,064	478,064
Total Revenues for: 61040 - Fireman's Pension Fund		20,743,490	20,738,426	20,738,426
400000	Use of/Contribution to Fund Balance	-	282,035	1,183,162
Total Resources for:61040 - Fireman's Pension Fund		20,743,490	21,020,461	21,921,588
397010	Operating Transfers In	-	230,000	878,000
Total Revenues for: 61050 - Fireman's Pension Actuarial		-	230,000	878,000
400000	Use of/Contribution to Fund Balance	-	(230,000)	(878,000)
Total Resources for:61050 - Fireman's Pension Actuarial		-	-	-
Total FPEN Resources		20,743,490	21,020,461	21,921,588

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Appropriations by Budget Summary Level and Program

FPEN - BO-FP-R2F01 - Firefighters Pension

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

Program Expenditures	2020 Actuals	2021 Adopted	2022 Adopted
Death Benefits	12,000	19,000	19,000
Leadership and Administration	851,462	926,461	949,588
Long-Term Care	1,718,116	-	-
Medical Benefits	9,257,558	12,250,000	12,250,000
Pensions	8,805,586	7,825,000	8,703,000
Total	20,644,722	21,020,461	21,921,588
Full-time Equivalents Total*	4.00	4.00	4.00

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

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

Death Benefits

Expenditures/FTE	2020 Actuals	2021 Adopted	2022 Adopted
Death Benefits	12,000	19,000	19,000

Leadership and Administration

Expenditures/FTE	2020 Actuals	2021 Adopted	2022 Adopted
Leadership and Administration	851,462	926,461	949,588
Full Time Equivalents Total	4.00	4.00	4.00

Long-Term Care

Expenditures/FTE	2020 Actuals	2021 Adopted	2022 Adopted
Long-Term Care	1,718,116	-	-

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Medical Benefits

	2020	2021	2022
Expenditures/FTE	Actuals	Adopted	Adopted
Medical Benefits	9,257,558	12,250,000	12,250,000

Pensions

	2020	2021	2022
Expenditures/FTE	Actuals	Adopted	Adopted
Pensions	8,805,586	7,825,000	8,703,000