

Police Relief and Pension

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

Department Overview

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

The management of police benefits funds transitioned in the 1970s from local to state control. Prior to that time, the City paid into PPEN to provide for police officer retiree benefits. In March 1970, the State of Washington took over the provision of certain police pensions through Revised Code of Washington (RCW) Section 41.26, the Law Enforcement Officers and Fire Fighters (LEOFF) Plan 1. Seattle police officers hired between March 1970 and October 1977 enrolled in LEOFF 1, but also received additional benefit coverage through PPEN. As a result, this group of police officers receives retiree benefits primarily from the state's LEOFF 1 plan, but also any earned increment from the City's PPEN that exceeds LEOFF 1 coverage. Both PPEN and LEOFF 1 closed to new enrollees in October 1977. Police officers hired after that date enroll in the state's LEOFF 2 plan and do not receive benefits from PPEN.

The Seattle Police Pension Board is a seven-member quasi-judicial body chaired by the Mayor or the Mayor's designee, which formulates policy, rules on disability applications, and provides oversight of the Police Pension Fund. Three staff employees of the board handle all of its operational functions. Staff positions associated with Police Relief and Pension are reflected in the City's position list.

The projections of annual pension and medical benefits, which comprise about 97% of the total annual PPEN budget, are based on the forecasts of an independent actuary. The City's General Fund provides funding for nearly all of PPEN's annual budget that supports the Police Relief and Pension Fund obligations. The Police Pension Fund also has a statutory funding source from police auction proceeds, which contribute a small amount towards the annual budget.

Budget Snapshot

	2022 Actuals	2023 Adopted	2024 Endorsed	2024 Adopted
Department Support				
Other Funding - Operating	20,568,300	26,741,006	26,752,591	26,748,732
Total Operations	20,568,300	26,741,006	26,752,591	26,748,732
Total Appropriations	20,568,300	26,741,006	26,752,591	26,748,732
Full-Time Equivalents Total*	3.00	3.00	3.00	3.00

* 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

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Incremental Budget Changes

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	2024 Budget	FTE
Total 2024 Endorsed Budget	26,752,591	3.00
Baseline		
Citywide Adjustments for Standard Cost Changes	3,130	-
Proposed Technical		
Fund Balancing Adjustment(s)	-	-
Fund Balancing Adjustment(s) -- Proposed	-	-
Council		
SCERS Contribution Rate Change	(6,989)	-
Total Incremental Changes	\$(3,859)	-
Total 2024 Adopted Budget	\$26,748,732	3.00

Description of Incremental Budget Changes

Baseline

Citywide Adjustments for Standard Cost Changes

Expenditures \$3,130

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 Technical

Fund Balancing Adjustment(s)

Revenues \$(6,989)

This is a technical item to balance revenues and expenditures in the Police Relief and Pension Fund (61060) in response to November Council changes.

Fund Balancing Adjustment(s) -- Proposed

Revenues \$4,066,408

This is a technical item to record a fund balancing entry for the Police Relief & Pension Fund (61060), which is primarily managed by the Police Relief & Pension Fund Board. Balancing entries are used to capture the use of or contribution to fund balances to cover the differences between expected revenue and expected expenditures. This

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demonstrates that the fund has sufficient resources, either current expected revenue or existing fund balances, to cover the expected costs. For the PPEN Fund, this item captures the use of fund balance to cover the difference between revenues and expenditures.

Council

SCERS Contribution Rate Change

Expenditures \$(6,989)

The City's employee retirement system, the Seattle City Employees Retirement System (SCERS), of which most non-uniformed City employees are members, is a defined benefit pension program funded by a combination of salary-based employer (i.e., the City) and employee contributions, and investment earnings. The employer portion of the SCERS contribution is funded through the annual budget process as a percentage of salaries based on several factors including reports from the contracted actuary and the City's long-range financial forecasts. The Mayor's 2024 Proposed Mid-Biennial Budget included an employer contribution rate of 16.22%, which was determined prior to the actuary's recommendation but provided for long-term "smoothing" given the City's long-term financial challenges.

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

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2023-24 Mid-Biennium Adopted Budget Updates - Expenses

Budget Summary Level	Fund	Budget Process Phase Endorsed	Adopted Changes	Grand Total
Police Relief and Pension	61060 - Police Relief & Pension Fund	26,752,591	-3,859	26,748,732
Police Relief and Pension Total		26,752,591	-3,859	26,748,732
Grand Total		26,752,591	-3,859	26,748,732