

# Seattle Retirement

Jeff Davis, Executive Director

(206) 386-1293

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

## Department Overview

Seattle Retirement includes two separate member funds, the Seattle City Employees' Retirement System (SCERS), which manages and administers a 401(a) defined benefit plan, and the voluntary Deferred Compensation Program, which manages and administers a 457(b) plan.

SCERS has two major functions: administration of retirement benefits and management of the assets of the Retirement Fund. Employee and employer contributions, as well as investment earnings, provide funding for the system. Approximately 9,800 active employee members, 3,700 terminated employee members and 7,700 retired employee members participate in the plan.

The provisions of the plan are set forth in [Chapter 4.36](#) of the Seattle Municipal Code. The plan is a "defined benefit plan" which means an employee's salary, years of service, and age at the time of retirement are used to determine the amount of retirement benefits. At retirement, members are given a choice of several payment options to collect their retirement benefit. The Retirement System is led by a seven-member Board of Administration and an Executive Director appointed by the Board.

Beginning in 2025, Seattle Retirement also became the administrator of the City's Deferred Compensation Program, previously administered by the Seattle Department of Human Resources (SDHR). Both SCERS and the City's Deferred Compensation Program retain their independent identities while sharing leadership.

Please note that the appropriations detailed in the following tables reflect only the costs to administer the two benefit systems and not the payment of benefits or investment management fees.

## Budget Snapshot

	2024 Actuals	2025 Adopted	2026 Endorsed	2026 Adopted
<b>Department Support</b>				
General Fund Support	-	698,016	729,739	716,409
Other Funding - Operating	312,706,220	15,286,700	15,815,720	15,669,648
<b>Total Operations</b>	<b>312,706,220</b>	<b>15,984,716</b>	<b>16,545,459</b>	<b>16,386,058</b>
<b>Total Appropriations</b>	<b>312,706,220</b>	<b>15,984,716</b>	<b>16,545,459</b>	<b>16,386,058</b>
Full-Time Equivalents Total*	30.50	33.50	33.50	33.50

\* 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

# Seattle Retirement

The Seattle City Employees' Retirement System (SCERS) relies on the long-term health of its assets to sustain its long-term financial obligations to SCERS members. The long-term health of SCERS is measured by the annual January 1 funding status, a percentage that represents the value of the asset portfolio over the reserves needed to pay retirement benefits to employees.

As of January 1, 2025, SCERS net assets are valued at \$4.4 billion with a 76.0% funded status. This is an increase from 75.8% in 2024. SCERS funding status has generally increased steadily since 2010 due to changes SCERS has made to positively impact the funding status over the long-term.

**Annual Contributions:** The plan's actuaries determine an "annual required contribution" (ARC) into SCERS so its assets grow in tandem with pension costs, which rise as new employees join SCERS, wages increase, and retirees live longer. In 2024 SCERS and the City enhanced the plan by revising its ARC calculation so SCERS will be fully funded after a fixed 30-year period beginning January 1, 2013 and ending January 1, 2043. The annual required contribution is composed of two parts: employee contributions, which are established by the City's labor agreements; and employer contributions. Employer contribution amounts are reflected in departmental budgets throughout the 2026 Adopted Budget.

**Investment Return Assumption:** In January 2014, SCERS decreased its long-term investment return assumption from 7.75% to 7.50% in anticipation of slower asset growth over the next 30 years. In January 2020, SCERS decreased this assumption to 7.25%; and in January 2023, SCERS decreased the assumption further to 6.75%. This assumption raised the ARC so the plan relies more on employee and employer contributions that are based on salaries, which are less volatile than the investment returns affected by portfolio experience and the economy.

**Asset Smoothing:** SCERS implemented an asset smoothing policy in 2011 to protect the funded status from volatile year-to-year swings by recognizing annual investment return gains and losses evenly over five years. This policy results in gradual changes in the ARC so the City's contribution is more stable.

**Pension Plan for New Employees Hired On or After January 1, 2017:** The City began evaluating plan changes in 2012 to reduce the cost of the plan for employees and the City, thereby enhancing SCERS' fiscal stability over the long run, while still maintaining an adequate retirement benefit for employees. In 2016, the City and labor unions agreed, and Council approved, a new defined benefit plan (SCERS II) for new employees hired on or after January 1, 2017. SCERS II has a similar structure to the existing plan (SCERS I).

Under SCERS II, there is an estimated 3.8% combined savings for annual employer and employee contributions. Members of the new plan will contribute 7% of their salary toward their retirement benefit, compared to 10.03% under SCERS I. Given the lower contributions into the plan, the SCERS II plan will provide a retirement benefit lower than the SCERS I plan, but consistent with the design of the current SCERS I plan.

The 2026 Adopted Budget for the management of SCERS and the Deferred Compensation Program includes an appropriation decrease of \$159,401. This decrease consists of annual adjustments for internal City service costs and wage increases.

## **City Council Changes to the Proposed Budget**

The Council made no changes to the 2026 Proposed Budget.

# Seattle Retirement

## Incremental Budget Changes

### Seattle Retirement

	2026 Budget	FTE
<b>Total 2026 Endorsed Budget</b>	<b>16,545,459</b>	<b>33.50</b>
<b>Baseline</b>		
Citywide Adjustments for Standard Cost Changes	(63,830)	-
<b>Adopted Technical</b>		
Bargained Annual Wage Adjustment to Base Budget	(89,611)	-
SCERS Retirement Contribution Rate Reduction	(5,961)	-
Fund Balancing Adjustment	-	-
<b>Total Incremental Changes</b>	<b>\$(159,401)</b>	<b>-</b>
<b>Total 2026 Adopted Budget</b>	<b>\$16,386,058</b>	<b>33.50</b>

## Description of Incremental Budget Changes

### Baseline

#### Citywide Adjustments for Standard Cost Changes

Expenditures \$(63,830)

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 and other central cost factors. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

### Adopted Technical

#### Bargained Annual Wage Adjustment to Base Budget

Expenditures \$(89,611)

This centrally administered change adjusts base budget appropriations to reflect the proper Annual Wage Increase (AWI) increment for 2026, as outlined in the agreements between the City and the Coalition of City Unions for personnel costs. AWI increments are determined based on the average change in the local Consumer Price Index (CPI). This change represents a true-up between the forecasted CPI assumption included in the Endorsed Budget and the actual CPI data.

#### SCERS Retirement Contribution Rate Reduction

Expenditures \$(5,961)

The City's employee retirement system, the Seattle City Employees Retirement System (SCERS) is a defined benefit pension program funded by a combination of salary-based employer (i.e., the City) and employee contributions, and

## Seattle Retirement

investment earnings. Based on the updated actuarial valuation for 2025, this item reduces the employer contribution rate from the endorsed rate of 15.17% to the SCERS minimum actuarial required rate of 15.06%.

### Fund Balancing Adjustment

Revenues	\$ (146,072)
----------	--------------

This is a technical item to record a fund balancing entry for the Employees' Retirement Fund.

## Seattle Retirement

### Expenditure Overview

Appropriations	2024 Actuals	2025 Adopted	2026 Endorsed	2026 Adopted
<b>RET - BO-RE-R1E00 - Employee Benefit Management</b>				
61030 - Employees' Retirement Fund	9,597,151	15,286,700	15,815,720	15,669,648
<b>Total for BSL: BO-RE-R1E00</b>	<b>9,597,151</b>	<b>15,286,700</b>	<b>15,815,720</b>	<b>15,669,648</b>
<b>RET - BO-RE-R2E000 - Deferred Comp Management</b>				
00100 - General Fund	-	698,016	729,739	716,409
<b>Total for BSL: BO-RE-R2E000</b>	<b>-</b>	<b>698,016</b>	<b>729,739</b>	<b>716,409</b>
<b>Department Total</b>	<b>9,597,151</b>	<b>15,984,716</b>	<b>16,545,459</b>	<b>16,386,058</b>
<b>Department Full-Time Equivalents Total*</b>	<b>30.50</b>	<b>33.50</b>	<b>33.50</b>	<b>33.50</b>

*\* 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 Summary by Fund Seattle Retirement

	2024 Actuals	2025 Adopted	2026 Endorsed	2026 Adopted
00100 - General Fund	-	698,016	729,739	716,409
61030 - Employees' Retirement Fund	9,597,151	15,286,700	15,815,720	15,669,648
<b>Budget Totals for RET</b>	<b>9,597,151</b>	<b>15,984,716</b>	<b>16,545,459</b>	<b>16,386,058</b>

# Seattle Retirement

## Revenue Overview

### 2026 Estimated Revenues

Account Code	Account Name	2024 Actuals	2025 Adopted	2026 Endorsed	2026 Adopted
360900	Miscellaneous Revs-Other Rev	-	698,016	729,739	729,739
<b>Total Revenues for: 00100 - General Fund</b>		<b>-</b>	<b>698,016</b>	<b>729,739</b>	<b>729,739</b>
360010	Investment Interest	42,981,744	-	-	-
360030	Securities Lending Revenue	13,222	-	-	-
360090	Realized Gains/Losses On Invm	96,387,677	-	-	-
360120	Security Lending Income Gasb 2	64,491	-	-	-
360210	Oth Interest Earnings	31,723	-	-	-
360230	Dividend Income	17,734,102	-	-	-
360240	Other Investment Income	15,575,600	-	-	-
360430	Employr Pnsn Contributions	176,955,331	11,334,594	11,863,614	11,863,614
360440	Employr Dth Ben Contribution	172,781	-	-	-
360450	Emplyee Pnsn Contribution	103,125,223	3,952,106	3,952,106	3,952,106
360460	Emplyee Dth Ben Contribution	173,166	-	-	-
360900	Miscellaneous Revs-Other Rev	396,461	-	-	-
<b>Total Revenues for: 61030 - Employees' Retirement Fund</b>		<b>453,611,521</b>	<b>15,286,700</b>	<b>15,815,720</b>	<b>15,815,720</b>
400000	Use of/Contribution to Fund Balance	-	-	-	(146,072)
<b>Total Resources for:61030 - Employees' Retirement Fund</b>		<b>453,611,521</b>	<b>15,286,700</b>	<b>15,815,720</b>	<b>15,669,648</b>
<b>Total RET Resources</b>		<b>453,611,521</b>	<b>15,984,716</b>	<b>16,545,459</b>	<b>16,399,387</b>

## Seattle Retirement

### Appropriations by Budget Summary Level and Program

## Seattle Retirement

### **RET - BO-RE-R1E00 - Employee Benefit Management**

The purpose of the Employees' Retirement Budget Summary Level is to manage and administer retirement assets and benefits.

<b>Program Expenditures</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2026</b>
	<b>Actuals</b>	<b>Adopted</b>	<b>Endorsed</b>	<b>Adopted</b>
Employee Benefit Management	9,597,151	15,286,700	15,815,720	15,669,648
<b>Total</b>	<b>9,597,151</b>	<b>15,286,700</b>	<b>15,815,720</b>	<b>15,669,648</b>
Full-time Equivalents Total*	30.50	30.50	30.50	30.50

*\*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*

### **RET - BO-RE-R2E000 - Deferred Comp Management**

The purpose of the Deferred Compensation Management Budget Summary Level is to manage and administer deferred compensation assets and benefits.

<b>Program Expenditures</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2026</b>
	<b>Actuals</b>	<b>Adopted</b>	<b>Endorsed</b>	<b>Adopted</b>
Deferred Compensation Management	-	698,016	729,739	716,409
<b>Total</b>	<b>-</b>	<b>698,016</b>	<b>729,739</b>	<b>716,409</b>
Full-time Equivalents Total*	-	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*