Firefighters' Pension

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https://www.seattlefirepension.org/

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 they 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 as well as 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 96% 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 FPEN’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 Fireman's 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. The proposed budget eliminates the Actuarial Account to better align budgeted costs with revenues.

Firefighters' Pension

Budget Snapshot

	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
Department Support				
Other Funding - Operating	24,243,195	27,487,393	24,531,000	25,506,000
Total Operations	**24,243,195**	**27,487,393**	**24,531,000**	**25,506,000**
Total Appropriations	**24,243,195**	**27,487,393**	**24,531,000**	**25,506,000**
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 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 by a factor equal to the negotiated annual wage increases (AWI) for the active union members at the Seattle Fire Department, offset by benefits paid by the state's Law Enforcement Officers and Fire Fighters (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 level 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), which assumes an annual rate of return of 5.5% on the investment portfolio and continuously reinvests these returns.

The 2027-28 Proposed Budget terminates the annual General Fund transfer to the Actuarial Account as well as closes the Account and transfers its balance to the main FPEN fund for covering future pension liabilities.

Incremental Budget Changes

Firefighters' Pension

	Dollars	FTE
2026 Adopted Budget	**27,487,393**	**4.00**
Baseline		
Citywide Adjustments for Standard Cost Changes	7,548	-
Proposed Operating		
FPEN Budget Adjustments	(2,963,940)	-
Proposed Technical		
Fund Balancing Entry	-	-
Total Incremental Changes	**$(2,956,393)**	**-**
Total 2027 Proposed Budget	**$24,531,000**	**4.00**

Description of Incremental Budget Changes

Baseline

Citywide Adjustments for Standard Cost Changes

Expenditures	$7,548

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.

Proposed Operating

FPEN Budget Adjustments

Expenditures	$(2,963,940)
Revenues	$(10,104,718)

This item adjusts FPEN's budget to capture the termination of the annual General Fund transfer to the Actuarial Account and use of fund balance, supported by the balance of the Actuarial Account. The budget closes the Account and transfers its balance to the main FPEN fund for covering future pension liabilities. This change better aligns the FPEN fund budget with necessary revenues and reflects the City's commitment to fund FPEN projected expenses in each future budget.

Proposed Technical

Fund Balancing Entry

Revenues	$4,557,415

This is a technical item to record a fund balancing entry for the Firefighters' Pension Fund.

Firefighters' Pension

Expenditure Overview

Appropriations	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
FPEN - BO-FP-R2F01 - Firefighters' Pension				
61040 - Fireman's Pension Fund	24,243,195	27,487,393	24,531,000	25,506,000
Total for BSL: BO-FP-R2F01	**24,243,195**	**27,487,393**	**24,531,000**	**25,506,000**
Department Total	**24,243,195**	**27,487,393**	**24,531,000**	**25,506,000**
Department 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 Human Resources Director actions outside of the budget process may not be detailed here.*

Budget Summary by Fund Firefighters' Pension

	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
61040 - Fireman's Pension Fund	24,243,195	27,487,393	24,531,000	25,506,000
Budget Totals for FPEN	**24,243,195**	**27,487,393**	**24,531,000**	**25,506,000**

Firefighters' Pension

Revenue Overview

2027 Estimated Revenues

Account Code	Account Name	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
335130	Fire Insur Premium Tax	1,600,508	1,550,998	1,550,998	1,550,998
360430	Employr Pnsn Contributions	25,168,305	25,499,305	18,012,587	18,016,208
360900	Miscellaneous Revs-Other Rev	946,306	410,000	410,000	410,000
Total Revenues for: 61040 - Fireman's Pension Fund		**27,715,119**	**27,460,303**	**19,973,585**	**19,977,206**
400000	Use of/Contribution to Fund Balance	-	27,090	4,557,415	5,528,794
Total Resources for:61040 - Fireman's Pension Fund		**27,715,119**	**27,487,393**	**24,531,000**	**25,506,000**
397010	Operating Transfers In	2,537,000	2,618,000	-	-
Total Revenues for: 61050 - Fireman's Pension Actuarial		**2,537,000**	**2,618,000**	**-**	**-**
400000	Use of/Contribution to Fund Balance	-	(2,618,000)	-	-
Total Resources for:61050 - Fireman's Pension Actuarial		**2,537,000**	**-**	**-**	**-**
Total FPEN Resources		**30,252,119**	**27,487,393**	**24,531,000**	**25,506,000**

Firefighters' Pension

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	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
Death Benefits	24,000	19,000	30,000	32,000
Leadership and Administration	1,086,710	1,030,393	1,300,000	1,200,000
Long-Term Care	2,605,260	-	-	-
Medical Benefits	10,768,658	16,500,000	16,273,000	17,412,000
Pensions	9,758,567	9,938,000	6,928,000	6,862,000
Total	**24,243,195**	**27,487,393**	**24,531,000**	**25,506,000**
Full-time Equivalents Total*	4.00	4.00	4.00	4.00

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

Death Benefits

Expenditures/FTE	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
Death Benefits	24,000	19,000	30,000	32,000

Leadership and Administration

Expenditures/FTE	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
Leadership and Administration	1,086,710	1,030,393	1,300,000	1,200,000
Full Time Equivalents Total	4.00	4.00	4.00	4.00

Long-Term Care

Expenditures/FTE	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
Long-Term Care	2,605,260	-	-	-

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Medical Benefits

Expenditures/FTE	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
Medical Benefits	10,768,658	16,500,000	16,273,000	17,412,000

Pensions

Expenditures/FTE	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
Pensions	9,758,567	9,938,000	6,928,000	6,862,000