

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

A Pension Trust Fund of the City of Seattle

ANNUAL REPORT

For the Year Ended December 31, 2008

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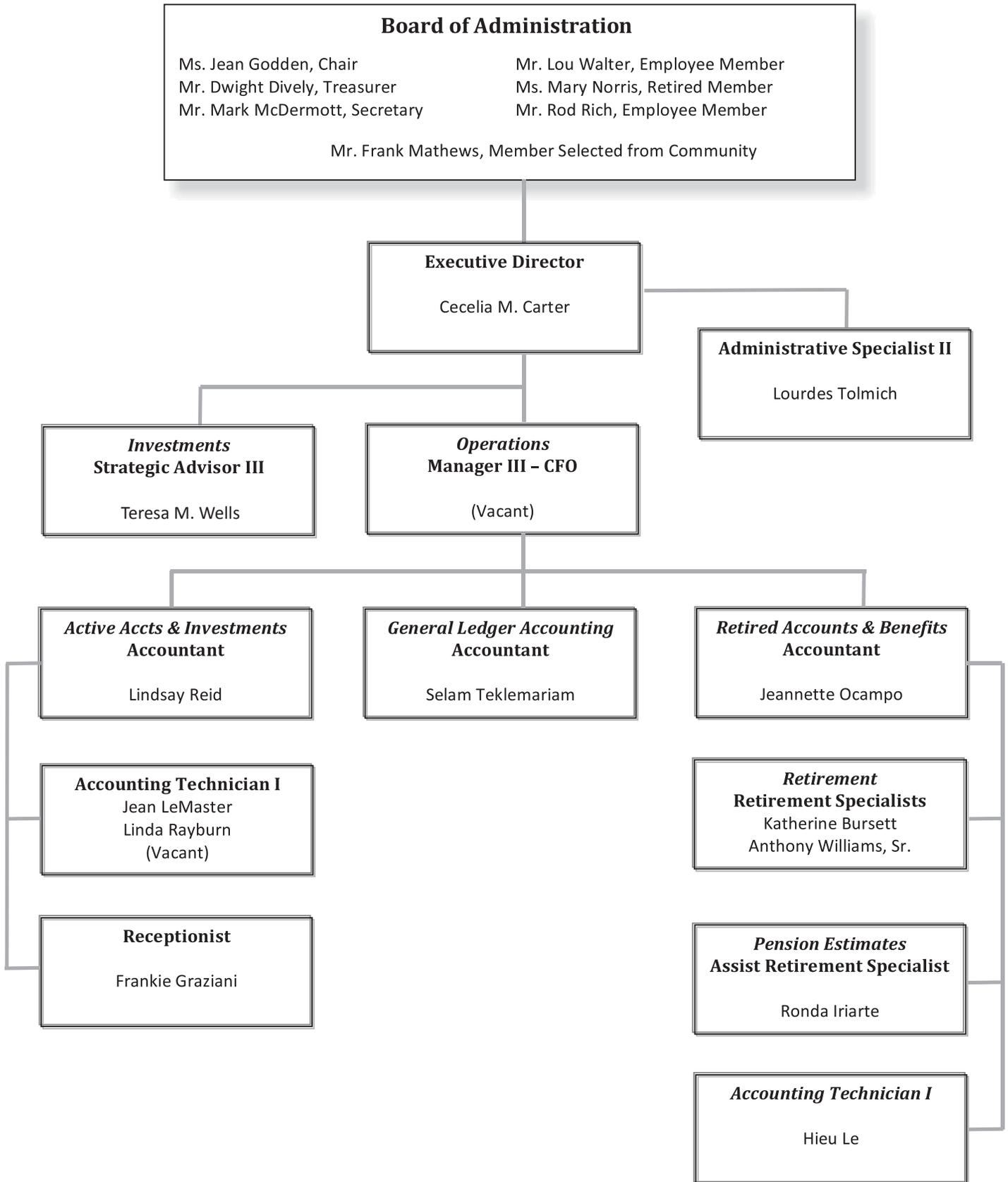
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City of Seattle

Seattle City Employees' Retirement System

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August 5, 2009

To the Honorable Mayor and
Seattle City Council
Seattle, Washington 98104

This Annual Report consists of four sections: the Introductory Section contains the Executive Director's letter of transmittal and the identification of the administrative organization of the System; the Financial Statements Section contains the financial statements of the System as well as a letter from the System's certified public accountants; the Actuarial Section contains the independent consulting actuary's opinion along with related actuarial data and statements; and the last section is the Statistical Section including tables of significant data pertaining to the operation of the System.

The compilation of this report reflects the combined effort of the staff under the leadership of the Retirement Board. The intention is to provide complete and reliable information to assist in management decisions, to present evidence of compliance with legal provisions and to demonstrate responsible stewardship for the assets contributed by the members and their employers.

The Executive Director and staff have reviewed the internal accounting controls and the financial statements, supporting schedules and statistical tables, and we are of the opinion that they fairly represent the condition of the Retirement System.

The accuracy and completeness of the data contained in this report are the sole responsibility of the management of the Seattle City Employees' Retirement System.

The Retirement System was created and established by amendment to the Charter of the City of Seattle (Article XXII – Section 13) submitted to the voters at the municipal election of March 8, 1927. The System, known thereafter as the Seattle City Employees' Retirement System, is to provide retirement income to help maintain the quality of life for its former employees. The retirement plan is a defined benefit plan, which means the employee's salary, years of service and age at the time of retirement are used to determine the amount of retirement benefits.

The Retirement System covers employees of the City of Seattle, and certain employees of King County, METRO and the Seattle City Library. The Retirement System does not cover uniform Police and Fire Department employees. The year ended December 31, 2008, concludes our 79th year of operations. This longevity is a tribute to the hard work and conscientious efforts of the past and present Board members, staff, advisors and elected officials who have made the Retirement System the strong, exemplary system it is today.

The report is being mailed to all departments of the City. They form the link between the Seattle City Employees' Retirement System and its membership. Their cooperation contributes significantly to the success of the Retirement System. We trust the departments and Retirement System members will find this report both informative and helpful.

We would like express our gratitude to the staff, the advisors, and to the many other people who have worked so diligently to assure the successful operation of the System.

Respectfully submitted,
BOARD OF ADMINISTRATION,
SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
AS OF DECEMBER 31, 2008

A handwritten signature in black ink, appearing to read "Cecelia M. Carter".

Cecelia M. Carter
Executive Director

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Moss Adams LLC

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FINANCIAL

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Independent Auditor's Report



**SEATTLE CITY EMPLOYEES'
RETIREMENT SYSTEM**

**Independent Auditor's Report and
Financial Statements with
Required Supplementary Information**

December 31, 2008 and 2007

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INDEPENDENT AUDITOR'S REPORT

To the Board of Administration
Seattle City Employees' Retirement System
Seattle, Washington

We have audited the accompanying statements of plan net assets of the Seattle City Employees' Retirement System (the "System"), as of December 31, 2008 and 2007, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the System as of December 31, 2008 and 2007, and the changes in net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Schedule of Funding Progress and Schedule of Employer Contributions, which are presented as Required Supplementary Information, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the System's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of administrative expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the System's management. The schedule of administrative expenses has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Moss Adams LLP

Seattle, Washington
July 15, 2009

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

This section presents management's discussion and analysis of the Seattle City Employees' Retirement System's (SCERS or the System) financial performance during the year ended December 31, 2008. Please read it in conjunction with the accompanying financial statements and the related notes.

The City of Seattle is responsible for establishing and maintaining an internal control structure designed to ensure the protection of assets from loss, theft, or misuse, and to ensure the accounting information generated is adequate to prepare financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, though not absolute, assurance of achieving these objectives.

As a department of the City of Seattle, the Seattle City Employees' Retirement System is subject to this internal control structure. In addition, section 4.36.140.D of the Seattle Municipal Code requires the Board of Administration to annually transmit a report of the financial condition of the retirement system to the City Council.

This report is prepared in accordance with the principles of governmental accounting and reporting promulgated by the Governmental Accounting Standards Board (GASB). Investments are stated at fair value, and revenues include the recognition of unrealized gains or losses. The accrual basis of accounting is used to record assets, liabilities, revenues and expenses. Revenue recognition occurs when earned without regards to the date of collection. Expense recognition occurs when the corresponding liabilities are incurred, regardless of payment date. The basis of contributions to the System follows the principles of level cost financing, with current service financed on a current basis. Milliman Consultants and Actuaries, the consulting actuary, evaluates the funding status of the System.

This report contains the following information:

- 1. Basic Financial Statements** including:
 - a. Statements of Plan Assets
 - b. Statements of Changes in Plan Net Assets
 - c. Notes to the Financial Statements

- 2. Required Supplementary Information** including:
 - a. Schedule of Funding Progress
 - b. Schedule of Employer Contributions

- 3. Other Supplementary Schedules** including:
 - a. Schedule of Administrative Expenses

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007**

The basic financial statements are described as follows:

- The Statement of Plan Net Assets shows the account balances at year-end and includes the net assets available for future benefit payments. The liabilities for future benefit payments are not included in this statement; however, they are shown in the Schedule of Funding Progress that is included in the Required Supplementary Information.
- The Statement of Changes in Plan Net Assets shows the sources and uses of funds during the year and illustrates the change in net assets from the previous year.
- The Notes to the Financial Statements are an integral part of the financial statements and include additional detailed information and schedules to provide a better understanding of the financial statements.

The required supplementary information provides historical trends that help to reflect the ongoing plan perspective and the long-term nature of the defined benefit plan.

- The Schedule of Funding Progress contains actuarial information about the status of the plan from an ongoing long-term perspective, in the accumulation of sufficient assets to pay future benefits when due.
- The Schedule of Employer Contributions contains historical trend information regarding the value of the total annual contributions the employer must pay and the actual contributions by employers in meeting this requirement.

Financial Highlights

- SCERS assets that are held in trust for the payment of future benefits do not exceed the estimate of actuarial accrued liabilities as of December 31, 2008.
- Net assets decreased by \$642 million (30.3%) during 2008, primarily due to the decline in the diversified portfolio invested in the U.S. and equity markets abroad as well as the fixed income and alternative investments.
- Losses for 2008 were \$527 million which includes member and employer contributions of \$91.9 million net of losses from investment activity totaling \$619.7 million.
- Expenses (deductions from net assets) for 2008 increased by \$3.2 million (2.9%) from 2007. Retiree benefits were the largest part of the increase.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Plan Net Assets

The table below provides a summary of assets and current liabilities for the years ended December 31:

	2008	2007	2006
Cash and Receivables	\$ 31,851,993	\$ 89,803,563	\$ 99,782,484
Investments at Fair Value	1,461,014,814	2,039,406,451	1,920,085,235
Securities Lending Collateral	69,838,616	103,323,467	145,097,240
Equipment	2,618	2,963	3,308
Total Assets	<u>1,562,708,041</u>	<u>2,232,536,444</u>	<u>2,164,968,267</u>
Securities Lending Payable	75,393,782	103,323,467	145,097,240
Other Payables	9,887,781	9,814,866	8,717,400
Total Liabilities	<u>85,281,563</u>	<u>113,138,333</u>	<u>153,814,640</u>
Total Net Assets	<u>\$1,477,426,478</u>	<u>\$2,119,398,111</u>	<u>\$2,011,153,627</u>

Changes in Plan Net Assets

The table below provides a summary of the changes in plan net assets and reflects the activities of the fund for the years ended December 31:

	2008	2007	2006
Additions			
Member Contributions	\$ 45,986,139	\$ 40,533,554	\$ 38,228,475
Employer Contributions	45,961,040	40,299,506	38,077,976
Net Investment and Other	(618,956,502)	139,153,765	243,056,607
Total Additions (Deductions)	<u>(527,009,323)</u>	<u>219,986,825</u>	<u>319,363,058</u>
Deductions			
Retiree Benefits	102,703,230	98,391,533	87,583,509
Refunds of Contributions	10,223,415	11,525,660	10,553,067
Administrative Expenses	2,035,665	1,825,148	1,837,115
Total Deductions	<u>114,962,310</u>	<u>111,742,341</u>	<u>99,973,691</u>
Net Increase (Decrease)	<u>\$ (641,971,633)</u>	<u>\$ 108,244,484</u>	<u>\$ 219,389,367</u>

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Revenues - Additions to Net Plan Assets

- Member contributions increased by \$5.5 million (13%) compared to 2007. This increase is primarily attributed to City departments filling positions and the one year buy back opportunity offered to members with a hire date of 1988 through 1998 allowing these members to buy back the first six months of employment towards their respective years of creditable service. Member contributions in 2007 increased by \$2.3 million (6.0%) compared to 2006.
- Employer contributions increased by \$5.7 million (14%) compared to 2007. Employer contributions increased by \$2.2 million (5.8%) compared to 2006.
- Net investment change and other income was a loss of \$619 million in 2008 as compared to a gain of \$139 million in 2007. Net investment gain and other income was \$139 million in 2007 as compared to \$243 million in 2006.

Expenses - Deductions from Net Plan Assets

- Retiree benefits increased in 2008 by \$4.3 million (4.4%) compared to 2007, primarily due to the increased number of members making application for retirement in 2008 as well as the mandatory COLA increase implemented in 2007. Retiree benefits increased in 2007 by \$10.8 million (12%) compared to 2006, mostly due to the new COLA increases and partly due to the natural turnover of retirees and beneficiaries with new retirees being added to the payroll with much higher monthly allowances than the retirees and beneficiaries that have died during the year.
- Refunds of contributions decreased in 2008 by \$1.3 million (12.3%) as compared to amounts paid in 2007. This is likely attributable to the downturn in the economy in 2008 and less cause for members to voluntarily cease employment with the City for other employment. Refunds of contributions increased in 2007 by \$1.0 million (9.2%) compared to 2006.

Changes in Plan Membership

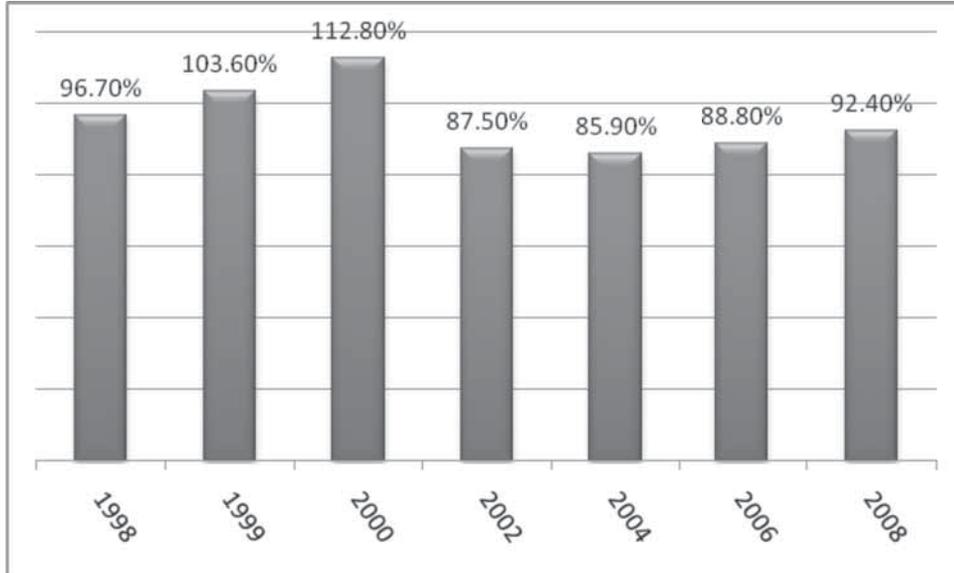
The table below reflects the active membership and retiree changes for the years ended December 31:

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Retirees and Beneficiaries Receiving Benefits	<u>5,474</u>	<u>5,200</u>	5.3%
Current and Terminated Employees Entitled To, But Not Yet Receiving Benefits			
Current Employee Members	8,793	8,842	-0.6%
Vested Employee Members	<u>2,038</u>	<u>2,050</u>	-0.6%
Total	<u>10,831</u>	<u>10,892</u>	

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Funding Status

**Schedule of Funding Progress
Funding Ratio
As of January 1st Valuation Date**



Funds are accumulated from employer and employee contributions, and investment earnings, and are used to pay present and future benefit obligations and administrative expenses. The better the level of funding, the larger the ratio of assets accumulated and investment income potential. Although the historical level of funding for the System is adequate, we continue to make a constant effort to achieve a fully funded status, thereby assuring the participants of a financially sound retirement system. Most active members contribute 8.03% of their salaries to the retirement fund and the City contributes 8.03%.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Investment Activities

One-year returns on asset classes and comparative benchmarks are presented in the table below for the years ended December 31:

	<u>2008</u>	<u>2007</u>
Total Portfolio	(26.8%)	7.3%
Domestic Equities	(38.2%)	4.5%
Benchmark: Russell 3000 Index	(37.3%)	5.1%
International Equities	(43.7%)	9.9%
Benchmark: MSCE EAFE Index	(43.1%)	11.6%
Fixed Income	(4.3%)	4.4%
Benchmark: Barclays Capital Aggregate	2.4%	7.0%
Real Estate	(10.6%)	15.7%
Benchmark: Russell NCREIF Property Index	(6.5%)	15.8%
Alternative Investments	(16.9%)	9.0%
Benchmark: Treasury Bills + 5%	4.9%	9.9%

The investments of the System are governed primarily by the prudent person rule. The prudent person rule, as set forth by Washington state statute, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the fund.

The volatility of the financial markets in the U.S. and abroad impacted the System's investments and resulted in a decrease in plan asset value, compared to the gain experienced in plan asset values in 2007. The System invests retirement funds for the long-term, anticipating both good and poor performing financial markets. The overall investment portfolio is positioned in a diversified manner to reduce investment risk.

Effect of Economic Factors

After several years of robust growth, the global economy experienced a downturn. In the financial markets, the second half of 2008 was like no other seen in almost 80 years. Defined contribution plans (401(k) plans, etc.) for many individuals declined like never seen before. For many it was the determining factor as to whether to retire or continue working; and for some already retired, the question became whether to return to work, if employment was to be found. Layoffs in the Seattle metropolitan area alone went unprecedented. Locally, in 2008 we lost the existence of a historic banking institution in Washington Mutual. The Seattle City Employees' Retirement System uses the services of professional money managers and monitors their performance to ensure a diversified portfolio to weather market volatility and uncertainties as we experienced in 2008.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Contacting the Seattle City Employees' Retirement System

If you have questions about this report or need additional information, please contact us by telephone at: 206.386.1292 or by e-mail at: RetireCity@seattle.gov or you may mail your questions to:

Seattle City Employees' Retirement System
720 Third Avenue, Suite 1000
Seattle, WA 98104

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
DECEMBER 31, 2008 AND 2007

	2008	2007
Assets:		
Cash and equity in pooled investments	\$ 16,126,337	\$ 14,831,195
Short-term investment funds	6,541,602	66,939,531
Securities lending collateral	69,838,616	103,323,467
Receivables:		
Members	980,783	1,029,194
Employer	5,565,167	4,387,860
Interest and dividends	2,638,104	2,615,783
Total receivables	9,184,054	8,032,837
Investments, at fair value:		
U.S. Government obligations	93,240,454	134,906,565
Domestic corporate bonds	156,963,787	102,791,739
Domestic stocks	482,487,914	763,843,752
International stocks	225,342,531	402,965,990
Real estate	216,700,592	286,646,176
Alternative/venture capital	163,164,971	233,789,609
Mezzanine debt	123,114,565	114,462,620
Total investments	1,461,014,814	2,039,406,451
Equipment and fixtures, at cost, net of accumulated depreciation of \$199,212 and \$198,867, respectively	2,618	2,963
Total assets	1,562,708,041	2,232,536,444
Liabilities:		
Pensions payable and other	9,887,781	9,814,866
Securities lending collateral	75,393,782	103,323,467
Total liabilities	85,281,563	113,138,333
Net Assets Held in Trust for Pension Benefits	\$1,477,426,478	\$2,119,398,111

(A schedule of funding progress is presented on page 19)

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
ADDITIONS:		
Contributions:		
Employer	\$ 45,961,040	\$ 40,299,506
Member	45,986,139	40,533,554
Total Contributions	<u>91,947,179</u>	<u>80,833,060</u>
Investment Activities:		
Investment Income (Loss):		
Net change in fair value of investments	(639,878,566)	109,428,521
Interest	18,009,176	18,665,137
Dividends	5,543,040	14,921,020
Net Investment Income (Loss)	<u>(616,326,350)</u>	<u>143,014,678</u>
Investment Activity Expenses:		
Investment management fees	(3,107,420)	(3,949,336)
Performance consultant fees	(165,000)	(155,750)
Investment custodial fees	(94,311)	(99,841)
Total Investment Activity Expenses	<u>(3,366,731)</u>	<u>(4,204,927)</u>
Net Income (Loss) from Investment Activities	<u>(619,693,081)</u>	<u>138,809,751</u>
Securities Lending Activities:		
Securities lending income	3,522,470	6,694,062
Securities lending expenses:		
Borrower rebates	(2,541,728)	(6,236,253)
Management fees	(244,163)	(113,795)
Total Securities Lending Expenses	<u>(2,785,891)</u>	<u>(6,350,048)</u>
Net Income From Securities Lending Activities	<u>736,579</u>	<u>344,014</u>
Total Additions (Deductions)	<u>(527,009,323)</u>	<u>219,986,825</u>
DEDUCTIONS:		
Benefits	102,703,230	98,391,533
Refunds of contributions	10,223,415	11,525,660
Administrative expenses	2,035,665	1,825,148
Total Deductions	<u>114,962,310</u>	<u>111,742,341</u>
NET CHANGE	(641,971,633)	108,244,484
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of Year	<u>2,119,398,111</u>	<u>2,011,153,627</u>
End of Year	<u>\$1,477,426,478</u>	<u>\$2,119,398,111</u>

See accompanying notes.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 1 - Plan Description

The Seattle City Employees' Retirement System (the System) is a single-employer defined benefit public employee retirement plan, covering employees of the City of Seattle and administered in accordance with Chapter 4.36 of the Seattle Municipal Code. The System is a pension trust fund of the City of Seattle.

The System is administered by the Retirement System Board of Administration (the Board). The Board consists of seven members including the Chair of the Finance Committee of the Seattle City Council, the City of Seattle Finance Director, the City of Seattle Personnel Director, two active and one retired members of the System who are elected by other system members, and one outside board member who is appointed by the other six board members. Elected and appointed board members serve for three year terms.

All employees of the City of Seattle are eligible for membership in the system with the exception of uniformed police and fire personnel who are covered under a retirement system administered by the State of Washington. Employees of METRO and the King County Health Department who established membership in the System when these organizations were City of Seattle Departments were allowed to continue their System membership. There are currently 5,474 retirees and beneficiaries receiving benefits, and 8,793 active members of the System. There are 2,038 terminated employees entitled to future benefits.

The System provides retirement, death, and disability benefits. Retirement benefits vest after five years of credited service, while death and disability benefits vest after 10 years of service. Retirement benefits are calculated as 2% multiplied by years of creditable service, multiplied by average salary, based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement.

Note 2 - Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The financial statements were prepared using the accrual basis of accounting.

Cash and Equity in Pooled Investments - The System classifies cash and equity in pooled investments as cash on deposit in financial institutions and cash on deposit in the City of Seattle's internal cash management pool. The System also recognizes certain short-term highly liquid securities with an original maturity of three months or less as cash equivalents.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 2 - Summary of Significant Accounting Policies and Plan Asset Matters
(Continued)

Method Used to Value Investments - Common stock, international equities, fixed income, international fixed income, and short-term investments are reported at fair market value, which is based on the quoted market price. Venture capital and real estate equities are reported at fair value which has been determined by independent appraisers. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest income earned, less investment expense, plus income from securities lending activities, less deduction for security lending expenses. Securities and securities transactions are reflected in the financial statements on a trade-date basis. Investments are made in accordance with the Prudent Person Rule as defined by the State of Washington RCW 35.39.060.

Contributions - Employee and employer contributions are reported in the period and for the calendar year in which the contributions are due.

Equipment and Fixtures - Equipment and fixtures are stated at actual cost less accumulated depreciation. Estimated useful lives of major classes include three years for computer equipment and 15 year for office furniture and equipment. The straight-line method of depreciation method is used.

Benefits and Refunds of Contributions - Benefits and refunds of contributions are recognized when due and are payable in accordance with the System's policy.

Note 3 - Contributions

Member and employer contributions rates are established by the Seattle Municipal Code Chapter 4.36.

The employer contribution rate is determined by the actuarial formula identified as the Entry Age Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total required contributions, including amounts necessary to pay administrative costs, are determined through biannual actuarial valuations.

Actuarially determined contribution rates are currently 8.03% for most members and 8.03% for the employer. There are no long-term contracts for contributions outstanding and currently no legally required reserves.

As of January 1, 2008, the most recent valuation date, the funded status of the fund was 92.4%. The schedule of funding progress, immediately following the notes to the financial statements, presents multi-year trend information about the funded status, actuarial value of assets, and actuarial accrued liability.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 3 - Contributions (Continued)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation date	January 1, 2008
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	16.2 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases*	4.00%
Post-retirement benefit increases	1.50% annual COLA and 65% Restoration of Purchasing Power
Funding progress:	
Actuarial value of assets	\$ 2,119.4 million
Actuarial accrued liability	\$ 2,294.6 million
Unfunded actuarial accrued liability	\$ 175.2 million

* Includes inflation as a cost-of-living adjustment at 3.5%.

Note 4 - Cash and Equity in Pooled Investments

The Federal Deposit Insurance Corporation (FDIC) insures the cash deposits up to \$250,000 per member of the System. As provided by the State of Washington RCW 43.84, the Washington Public Deposit Protection Commission (PDPC) collateralizes deposits in excess of \$100,000. The bank balances of deposits as of the balance sheet date are entirely insured.

Note 5 - Investments

The System's investments include investments that are insured or registered or securities held by the system or its agent in the System's name.

Short-term Investment Funds (STIF) is a collective trust that may include certificates of deposit, treasury bills, and mutual funds. The Alternative Investments category currently includes venture capital and hedge funds.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 5 - Investments (Continued)

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of a financial institution or a bank, the System will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The System mitigates custodial credit risk by having its investment securities held by the System's custodian (BNY Mellon) and the investments are registered in the System's name. The System's short-term investments are created through daily sweeps of excess cash by the System's custodian, and invested in a vehicle managed by the custodian. Additionally, the System keeps on hand with the City of Seattle such cash dollar amounts to support two months equivalent of pension payments and other administrative expenses.

Credit Risk - Credit risk is the risk that an issuer, or other counterparty, to an investment will not fulfill its obligations. In accordance with the System's Investment Policy, the Retirement Board provides each of the System's investment managers with a set of investment guidelines. These guidelines specify eligible investments, minimum diversification standards, and applicable investment restrictions necessary for diversification and risk control. Managers do not have authority to depart from their guidelines.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The System's operational guidelines for investments in any corporate entity are stated in each individual manager's specific portfolio guidelines. In line with policy, the System does not have any investments from a single issuer (excluding explicitly guaranteed governments) that represent more than 5% of the System's net assets.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates over time and will adversely affect the fair value of an investment. Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. In accordance with the System's Investment Policy, the Retirement Board provided each of the System's investment managers with a set of investment guidelines. These guidelines specify eligible investments, minimum diversification standards, and applicable investment restrictions necessary for diversification and risk control. Managers do not have authority to depart from their guidelines.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates and will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risk, primarily reside within the international equity investment holdings. The System expects these managers to maintain adequately diversified portfolios to limit foreign currency and security risk. Per the System's policy, individual manager guidelines include the ranges of acceptable exposure.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 5 - Investments (Continued)

The fixed income portfolio is primarily managed by three external money management firms, hired through an RFP process, to manage a diversified portfolio of fixed income securities. Managers have agreed to a set of guidelines that provide ranges and limits for varying types of securities that may be held within the portfolio. A consultant is hired to measure performance and monitor the investment style. The Investment Committee reviews the consultant's results quarterly.

As of December 31, 2008, the fixed income portfolio of the System had the following investment maturities and ratings:

Investment	Fair Value	Investment Maturities (in years)			
		< 1	1 - 5	6 - 10	> 10
Fixed Income					
U.S. Government					
Treasury Notes and Bonds	\$ 9,626,928	\$ 508,795	\$ 3,078,174	\$ 1,961,959	\$ 4,078,000
Treasury Inflation-Protected Securities	2,950,759	-	-	525,760	2,424,999
Agencies	8,409,299	999,366	2,301,366	1,514,513	3,594,054
Mortgage-Backed					
Government Pass Through	71,252,642	1,382,508	1,600	3,521,364	66,347,170
Corporate Pass Through	43,725,826	4,590,000	108,092	-	39,027,734
Government CMO's	1,000,826	-	-	1,330	999,496
Corporate					
Bonds	60,888,890	1,765,702	16,664,187	25,802,457	16,656,544
Asset-Backed	25,152,327	746,738	1,812,157	5,640,420	16,953,012
Private Placements	12,648,966	1,111,587	3,742,055	3,519,078	4,276,246
CDO's and CLO's	2,518,821	-	373,655	76,117	2,069,049
Convertible Bonds	3,658,193	157,133	1,377,874	87,503	2,035,683
	\$ 241,833,477	\$ 11,261,829	\$ 29,459,160	\$ 42,650,501	\$ 158,461,987

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 5 - Investments (Continued)

Investment	Fair Value	Treasury	Agency	Ratings							CCC & Below	Not Rated
				AAA	AA	A	BBB	BB	B			
Fixed Income												
U.S. Government												
Treasury Notes and Bonds	\$ 9,626,928	\$ 9,626,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treasury Inflation-Protected Securities	2,950,759	2,950,759	-	-	-	-	-	-	-	-	-	-
Agencies	8,409,299	-	8,409,299	-	-	-	-	-	-	-	-	-
Mortgage-Backed												
Government Pass Through	71,252,642	-	71,252,642	-	-	-	-	-	-	-	-	-
Corporate Pass Through	43,725,826	-	-	29,062,904	762,446	529,229	407,066	1,903,501	2,424,766	409,885	8,226,029	
Government CMO's	1,000,826	-	1,000,826	-	-	-	-	-	-	-	-	-
Corporate												
Bonds	60,888,890	-	-	1,964,770	3,282,323	24,421,436	19,940,968	3,774,162	1,945,203	3,860,243	1,699,785	
Asset-Backed	25,152,327	-	-	2,837,796	1,107,337	2,483,326	1,061,192	975,878	460,395	-	16,226,403	
Private Placements	12,648,966	-	-	564,604	987,193	1,857,112	4,306,494	1,784,821	-	653,609	2,495,133	
CDO's and CLO's	2,518,821	-	-	-	-	-	244,000	-	-	-	2,274,821	
Convertible Bonds	3,658,193	-	-	-	491,960	758,802	767,050	552,543	439,644	20,600	627,594	
	<u>\$241,833,477</u>	<u>\$12,577,687</u>	<u>\$80,662,767</u>	<u>\$34,430,074</u>	<u>\$ 6,631,259</u>	<u>\$30,049,905</u>	<u>\$26,726,770</u>	<u>\$ 8,990,905</u>	<u>\$ 5,270,008</u>	<u>\$ 4,944,337</u>	<u>\$31,549,765</u>	

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 6 - Securities Lending Transactions

Gross income from securities lending transactions are recorded in the operating statements as well as the various fees paid to the institution that oversees the lending activity. The value of the collateral that is being held is represented as an asset and a liability on the Statement of Plan Net Assets.

Under the authority of State of Washington RCW 41.28.005 and the Seattle Municipal Code 4.36.130, the System's Board of Administration adopted investment policies that define eligible investments, which include securities lending transactions. Through a custodial agent, the System participates in a securities lending program whereby securities are loaned for the purpose of generating additional income to the System. The System lends securities from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. There were no restrictions on the amount of securities that may be loaned. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distribution by the securities' issuers while the securities are on loan. Cash and U.S. government securities were received as collateral for these loans. The System invests cash collateral received; accordingly, investments made with cash collateral appear as an asset. During 2008, the custodian was instructed to maintain the cash collateral used to reinvest at less than \$100 million. In 2009, the custodian has been instructed to limit the cash collateral used to reinvest to less than \$75 million. A corresponding liability is recorded as the System must return the cash collateral to the borrower upon the expiration of the loan.

As of December 31, 2008, the value of cash collateral received exceeded the fair value of collateral held by approximately \$5.5 million. Investment losses in the values of certain U.S. corporate obligations and asset backed securities totaling \$5.5 million were recognized in the Statement of Changes in Plan Net Assets for the year ended December 31, 2008. As of the financial statement report date, the System continues to hold the investments in these securities and the fair value of collateral continues to be below the collateral balance.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 6 - Securities Lending Transactions (Continued)

	<u>2008</u>		<u>2007</u>	
	<u>Fair Value of Securities Lent</u>	<u>Collateral</u>	<u>Fair Value of Securities Lent</u>	<u>Collateral</u>
Types of Securities Lent				
U.S. Government and Agencies	\$ 11,359,914	\$ 11,691,164	\$ 19,437,100	\$ 19,634,375
U.S. Corporate Fixed Income	9,809,779	10,043,177	11,004,460	11,362,855
U.S. Equities	53,017,833	53,659,441	69,873,839	72,326,237
Total Securities Lent	<u>\$ 74,187,526</u>	<u>\$ 75,393,782</u>	<u>\$ 100,315,399</u>	<u>\$ 103,323,467</u>
		<u>2008</u>		<u>2007</u>
Collateral Report				
U.S. Corporate Obligations		\$ 22,500,291		\$ 27,500,852
Bank Obligations		11,000,000		17,998,543
Repurchase Agreements		8,428,000		470,401
Asset Backed Securities		9,465,606		14,358,869
Certificates of Deposits		<u>23,999,885</u>		<u>42,994,802</u>
Total Collateral		<u>\$ 75,393,782</u>		<u>\$ 103,323,467</u>
Fair Value of Collateral Held		<u>\$ 69,838,616</u>		<u>\$ 103,329,270</u>

Note 7 - Commitments

The System leases office space under a noncancelable operating lease through April 2010. Future minimum payments under the lease agreement total \$149,439 and \$50,727 for the years ended December 31, 2009 and 2010, respectively.

The System has entered into capital commitments to fund partnership interests in certain mezzanine debt and alternative investments. The System committed to make capital investments up to \$95 million, as requested by the management of the various partnerships. At December 31, 2008, the System has unfunded commitments of approximately \$21.9 million to these partnerships.

REQUIRED SUPPLEMENTARY INFORMATION

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
(Dollar Amounts in Millions)
YEAR ENDED DECEMBER 31, 2008

Actuarial Valuation Date January 1	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) - Entry Age ¹ (b)	Unfunded AAL (UAAL) ² (b-a)	Funded Ratio (a/b)	Covered Payroll ³ (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2000	\$1,582.7	\$1,403.1	\$ (179.6)	112.8%	\$ 383.6	(46.8%)
2001 ⁴	\$1,493.1	\$1,490.3	\$ (2.8)	100.2%	\$ 405.0	(0.7%)
2002	\$1,383.7	\$1,581.4	\$ 197.7	87.5%	\$ 405.1	48.8%
2004	\$1,527.5	\$1,778.9	\$ 251.4	85.9%	\$ 424.7	59.2%
2006	\$1,791.8	\$2,017.5	\$ 225.7	88.8%	\$ 447.0	50.5%
2008	\$2,119.4	\$2,294.6	\$ 175.2	92.4%	\$ 501.9	34.9%

¹ Actuarial present value of benefits less actuarial present value of future normal cost based on Entry Age Actuarial Cost Method.

² Actuarial accrued liabilities less actuarial value of assets.

³ Covered Payroll includes compensation paid to all active employees on which contributions are calculated.

⁴ These amounts were provided by an actuarial study, rather than a full valuation.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollar Amounts in Millions)
YEAR ENDED DECEMBER 31, 2008

<u>Year Ended</u> <u>December 31</u>	<u>Actual</u> <u>Employer</u> <u>Contributions</u>	<u>Percentage</u> <u>Contributed</u>
2003	\$ 34.2	100%
2004	\$ 36.7	100%
2005	\$ 35.9	100%
2006	\$ 37.9	100%
2007	\$ 40.3	100%
2008	\$ 45.9	100%

For additional information regarding employer contributions, see the notes to the financial statements.

ADDITIONAL INFORMATION

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEARS ENDED DECEMBER 31, 2008 AND 2007

	Budget	Actual Expenses	
	2008	2008	2007
Personnel Services			
Salaries	\$ 841,598	\$ 767,418	\$ 637,399
Benefits	288,200	249,921	193,842
Total Personnel Services	<u>1,129,798</u>	<u>1,017,339</u>	<u>831,241</u>
Maintenance and Operations			
Professional Services	329,330	192,323	241,173
Office Rent	142,759	142,510	42,884
Data Processing	613,851	536,955	557,481
Office Supplies	109,141	61,341	58,150
Postage	51,270	34,356	46,379
Telephone	21,271	18,149	15,480
Travel	37,500	18,534	19,770
Training	30,464	13,813	12,245
Depreciation	-	345	345
Total Maintenance & Operations	<u>1,335,586</u>	<u>1,018,326</u>	<u>993,907</u>
 Total Administrative Expenses	 <u>\$2,465,384</u>	 <u>\$2,035,665</u>	 <u>\$1,825,148</u>

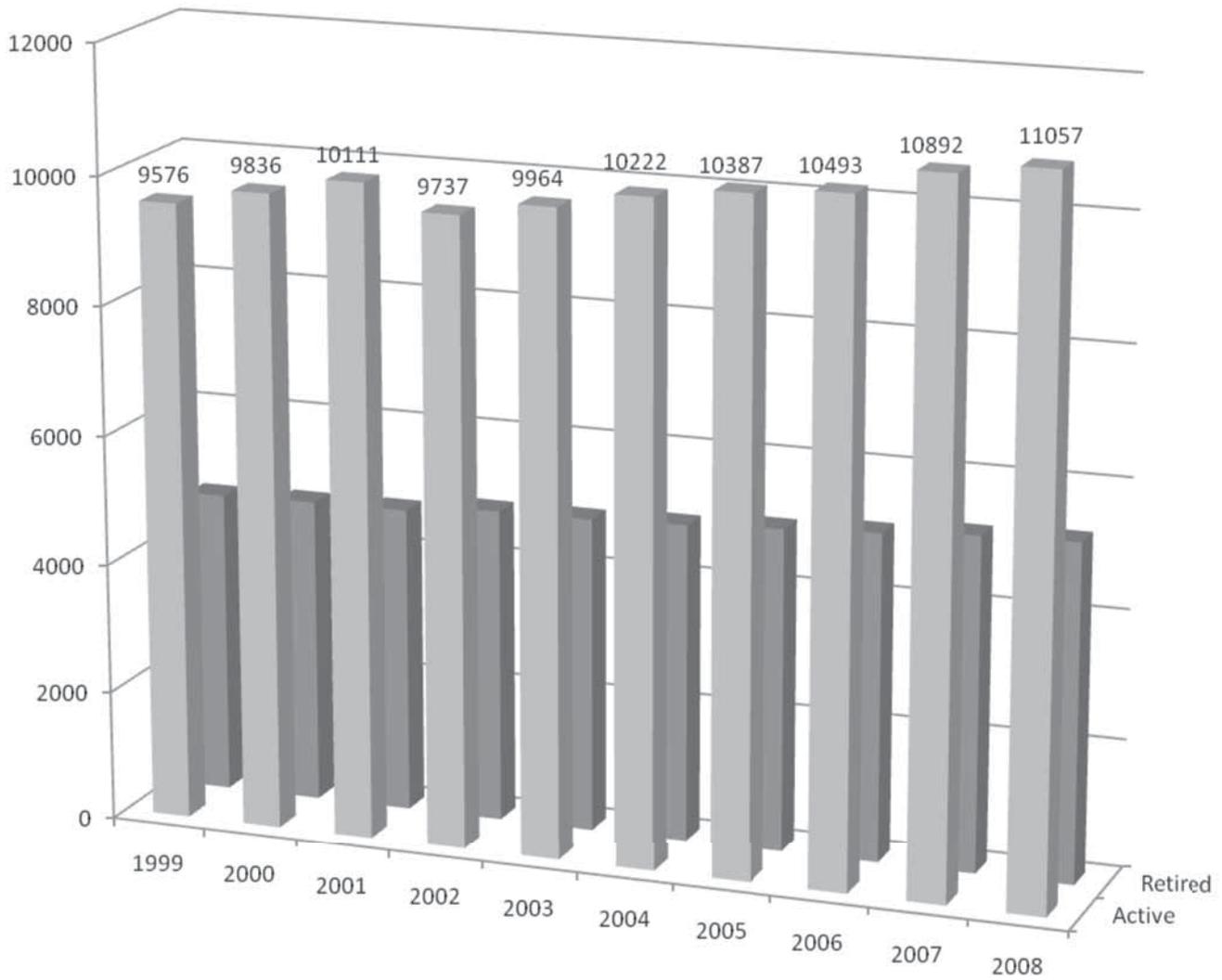
ACTUARIAL

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Actuarial Valuation

Membership - Active and Retired

■ Active ■ Retired



Seattle City Employees' Retirement System



Actuarial Valuation (As of January 1, 2008)

By

Nick J. Collier

Associate, Society of Actuaries
Enrolled Actuary
Member, American Academy of Actuaries





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June 3, 2008

Retirement Board
Seattle City Employees' Retirement System
720 Third Avenue, Suite 1000
Seattle, WA 98104

Dear Members of the Board:

As requested, we have made an actuarial valuation of the Seattle City Employees' Retirement System (SCERS) as of January 1, 2008. This report reflects the benefit provisions and contribution rates in effect as of January 1, 2008. The one material change since the prior valuation (January 1, 2008) is the reflection of the new COLA provisions that became effective in 2007. New assumptions were also recently adopted, although they only had a minor impact.

Actuarial Certification

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by SCERS staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying Opinions, and supporting Recommendations of the American Academy of Actuaries.

We further certify that all costs, liabilities, rates of interest, and other factors for SCERS have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of SCERS and reasonable expectations) and which, in combination, offer our best estimate of anticipated experience affecting SCERS. Nevertheless, the emerging costs will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions. The Retirement Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix A.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for SCERS. Actuarial computations under GASB Statement No. 25 are for purposes of fulfilling financial accounting requirements. The computations prepared for this purpose may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of SCERS's funding requirements as stated under their Interim Funding Policy, the Retirement Benefit Enhancement Agreement, and of GASB Statement No. 25. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work product was prepared exclusively for SCERS for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning SCERS's operations, and uses SCERS's data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

We would like to express our appreciation to the system staff who gave substantial assistance in supplying the data on which this report is based.

I, Nick Collier, am a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Nick J. Collier, ASA, EA, MAAA
Principal and Consulting Actuary

NJC/nlo

Seattle City Employees' Retirement System Actuarial Valuation

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This work product was prepared solely for SCERS for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

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Seattle City Employees' Retirement System Actuarial Valuation

Section 1 Summary of the Findings



Contribution Sufficiency

Based on the actuarial valuation of the benefits in effect under the Seattle City Employees' Retirement System as of January 1, 2008, the current employer contribution rate, 8.03% of members' salaries, is sufficient to maintain current benefits, assuming future experience follows the actuarial assumptions. Note that the valuation does not reflect any asset losses that have occurred in 2008.

The combined contribution rate of 16.06% includes a small amount that, together with the required \$12 annual employee and \$12 matching employer contribution, finances the \$2,000 death benefit program.

Funding Progress

On the basis of the January 1, 2006 actuarial valuation the funding ratio was 88.8%. Based on the January 1, 2008 valuation, the funding ratio is 92.4%. The increase in the funding ratio resulted from the difference between actual and expected experience over the past two years, primarily asset returns greater than the assumed rate of return. This was somewhat offset by the reflection of the new COLA provisions that became effective in 2007. A summary of the historical funding ratio and other measurements are shown on Graph 1 and 2.

All assumptions for the January 1, 2008 actuarial valuation are the same as those used for both the January 1, 2006 actuarial valuation, except for minor changes in the termination rates, probabilities of refund, retirement rates, merit salary scale, and administrative expense assumption that were adopted by the Board earlier this year.

A summary of all changes in the funding ratio is shown below.

Sources of Change	Funding Ratio
January 1, 2006 Actuarial Valuation	88.8%
Expected Year-to-Year Change	1.9%
Asset Gain/Loss	3.8%
Salary Variation	-0.6%
New COLA Provisions	-2.0%
Assumption Changes	0.2%
Other	0.3%
Total Change	3.6%
January 1, 2008 Actuarial Valuation	92.4%

Summary Exhibit

A summary of the key results of this valuation, along with a comparison to the January 1, 2006 valuation is shown in Table 1.

Impact of Contingent COLA

The Seattle Municipal Code allows for an increase in the cost-of-living adjustment (COLA) available to current and future retired members. Currently, the Floor COLA is at the 65% level. The enhanced COLA benefit (70% Floor COLA) does not become effective until the System attains at least a 100% funding level. Since it is unknown when this benefit will become effective, we have not included it in the valuation. However, in Section 8, we have shown the hypothetical cost impact if the increased benefits had been in effect on the valuation date.

Note that this valuation does reflect the revised COLA provisions (1.5% compounding COLA for all members and retirees and a 65% Floor COLA) that became effective based on the special April 30, 2007 actuarial valuation.

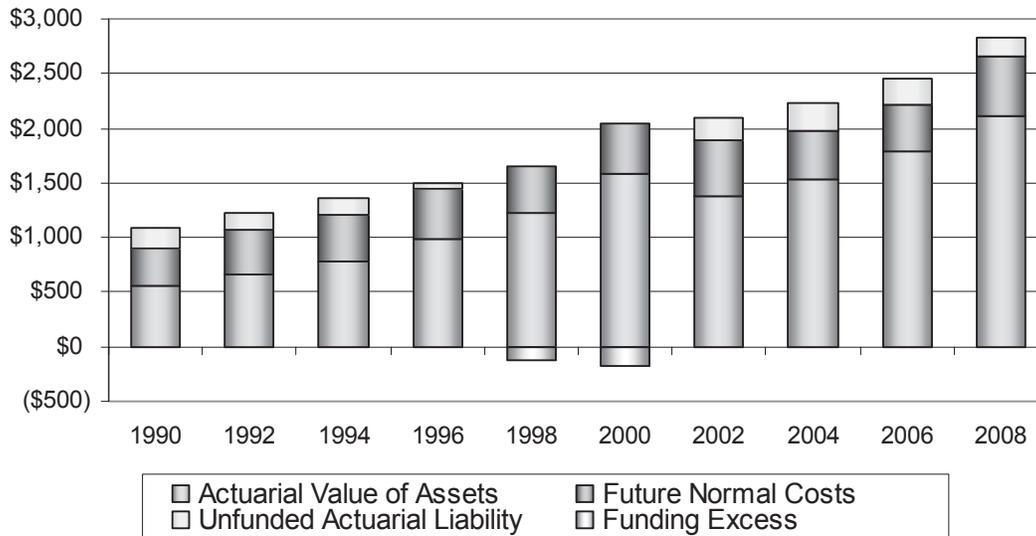
Seattle City Employees' Retirement System Actuarial Valuation

Table 1 Summary of Results

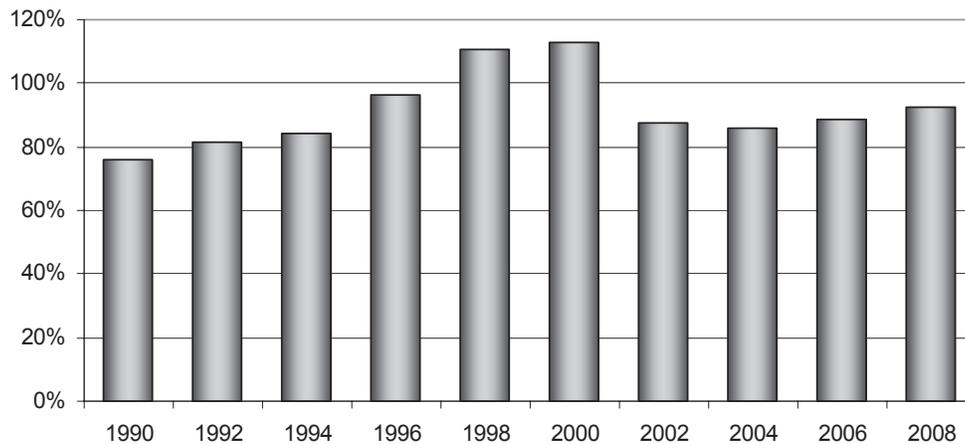
	January 1, 2008	January 1, 2006	Percentage Change
I. Total Membership			
A. Active Members	8,842	8,521	3.8%
B. Retired Members & Beneficiaries	5,201	5,011	3.8%
C. Vested Terminated Members	<u>2,050</u>	<u>1,866</u>	9.9%
D. Total	16,093	15,398	4.5%
II. Pay Rate as of January 1, 2008			
A. Annual Total (\$millions)	\$ 529.1	\$ 468.1	13.0%
B. Annual Average	\$ 59,835	\$ 54,934	8.9%
III. Average Monthly Benefit Paid to Current Retirees and Beneficiaries			
A. Service Retirement	\$ 1,781	\$ 1,576	13.0%
B. Disability Retirement	1,090	977	11.6%
C. Surviving Spouse and Dependents	<u>1,057</u>	<u>849</u>	24.5%
D. Total	\$ 1,647	\$ 1,397	17.9%
IV. Actuarial Accrued Liability			
A. Active Members	\$ 1,209.7	\$ 1,115.3	8.5%
B. Retired Members	959.9	796.6	20.5%
C. Vested Terminated Members	<u>125.0</u>	<u>105.6</u>	18.3%
D. Total	\$ 2,294.6	\$ 2,017.5	13.7%
V. Assets			
A. Market Value of Fund (\$millions)	\$ 2,119.4	\$ 1,791.8	18.3%
VI. Unfunded Actuarial Accrued Liability or Surplus Funding (\$millions)	\$ 175.2	\$ 225.7	(22.4)%
VII. Amortization Period	16.2 years	18.0 years	
VIII. Funded Ratio	92.4%	88.8%	4.0%
IX. Normal Cost as a Percent of Salary	13.32%	12.50%	6.6%

Seattle City Employees' Retirement System Actuarial Valuation

Graph 1 Historical Asset and Liability Comparison



Graph 2 Historical Funding Ratios



Year	(in Millions)				Funding Ratio
	PVB	Assets	PVFNC	UAAL	
1990	\$1,087.5	\$558.8	\$349.6	\$179.1	75.7%
1992	1,221.2	660.0	410.7	150.5	81.4%
1994	1,358.9	781.8	432.7	144.4	84.4%
1996	1,492.0	980.2	472.3	39.5	96.1%
1998	1,539.3	1,224.6	433.5	(118.8)	110.7%
2000	1,872.4	1,582.7	469.3	(179.6)	112.8%
2002	2,088.7	1,383.7	507.3	197.7	87.5%
2004	2,229.8	1,527.5	450.9	251.4	85.9%
2006	2,448.5	1,791.8	431.0	225.8	88.8%
2008	2,825.8	2,119.4	531.2	175.2	92.4%

Seattle City Employees' Retirement System Actuarial Valuation

Section 2 Scope of the Report



This report presents the actuarial valuation of the Seattle City Employees' Retirement System as of January 1, 2008.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets of the System. A summary of the assets is set forth in Table 2. Sections 3, 4, and 5 describe how the obligations of the System are to be met under the actuarial cost method in use.

Section 6 discloses actuarial information based on the requirements of Statements No. 25 and 27 of the Governmental Accounting Standards Board. Section 7 sets forth estimated actuarial gains or losses from the various sources. Section 8 shows the hypothetical cost impact of the contingent COLA benefits, had they been in effect on the valuation date.

Appendix A is a summary of the actuarial procedures and assumptions used to compute the liabilities and contributions shown in this report.

The current benefit structure, as determined by the provisions of the governing law on January 1, 2008, is summarized in Appendix B. Schedules of valuation data classifying the data used in the valuation by various categories of contributing members, former contributing members, and beneficiaries make up Appendix C.

Comparative statistics are presented on the System's membership and contribution rates. Appendix D is a glossary of actuarial terms used in this report.



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Seattle City Employees' Retirement System Actuarial Valuation

Section 3 Assets



In many respects, an actuarial valuation can be regarded as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is January 1, 2008. On that date, the assets available for the payment of benefits are appraised. These assets are compared with the actuarial liabilities, which are generally well in excess of the assets. The actuarial process thus leads to a method of determining what contributions by members and their employers are needed to strike a balance.

This section of the report deals with the asset determination. In the next section, the actuarial liabilities will be discussed. Section 5 will deal with the process for determining required contributions, based on the relationship between the assets and the actuarial liabilities.

Table 2 summarizes the financial resources of the System on January 1, 2008. Of the total assets, a minor portion is set aside for the payment of current liabilities and expenses. Table 2 shows the market value of assets at January 1, 2008 and January 1, 2006. The actuarial value of assets is equal to the market value.

**Seattle City Employees' Retirement System
Actuarial Valuation**

Table 2 Summary of Assets

	January 1, 2008		January 1, 2006	
	Market Value	Distribution	Market Value	Distribution
Assets				
Cash and short-term investments	81,770,726	3.9%	92,342,495	4.6%
Securities lending collateral	103,323,467	4.9%	145,097,240	7.2%
Receivables				
Employee	1,029,194	0.0%	1,181,695	0.1%
Employer	4,387,860	0.2%	3,929,995	0.2%
Interest and Dividends	2,615,783	0.1%	2,328,299	0.1%
Total Receivables	8,032,837	0.4%	7,439,989	0.4%
Investments at fair value				
US Government obligations	134,906,565	6.4%	139,700,403	6.9%
Domestic corporate bonds	102,791,739	4.9%	71,833,915	3.6%
Domestic stocks	763,843,752	36.0%	970,965,137	48.3%
International stocks	402,965,990	19.0%	212,328,995	10.6%
Real estate	286,646,176	13.5%	237,796,406	11.8%
Alternative/Venture capital	233,789,609	11.0%	199,070,322	9.9%
Mezzanine debt	114,462,620	5.4%	88,390,057	4.4%
Total investments	2,039,406,451	96.2%	1,920,085,235	95.5%
Equipment	2,963	0.0%	3,308	0.0%
Total assets	2,232,536,444	105.3%	2,164,968,267	107.6%
Liabilities				
Pensions payable	7,586,549	-0.4%	6,398,172	-0.3%
Other payables	2,228,317	-0.1%	2,319,228	-0.1%
Securities lending collateral	103,323,467	-4.9%	145,097,240	-7.2%
Total Liabilities	113,138,333	-5.3%	153,814,640	-7.6%
Market Value of Net Assets Held in Trust For Pension Benefits				
	2,119,398,111	100.0%	2,011,153,627	100.0%

Seattle City Employees' Retirement System Actuarial Valuation

Section 4 Actuarial Liabilities



In the previous section, an actuarial valuation was related to an inventory process, and an analysis was given of the inventory of assets of the System as of the valuation date, January 1, 2008. In this section, the discussion will focus on the commitments of the System, which will be referred to as its actuarial liabilities.

Table 3 contains an analysis of the actuarial present value of all future benefits for contributing members, for former contributing members, and for beneficiaries. The analysis is given by type of benefit.

The actuarial liabilities summarized in Table 3 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes a measure of both benefits already earned and future benefits to be earned. Thus, for all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and, if an optional benefit is chosen, for the lives of their surviving beneficiaries.

**Seattle City Employees' Retirement System
Actuarial Valuation**

Table 3 Actuarial Present Value of Future Benefits
(All dollar amounts in millions)

	<u>January 1, 2008</u>	<u>January 1, 2006</u>
A. Active Members		
Service Retirement	\$ 1,619.6	\$ 1,423.8
Vested Retirement	47.1	38.1
Disability Retirement	12.9	11.7
Survivor Benefits	27.3	24.4
Refund of Member Contributions	<u>34.0</u>	<u>48.3</u>
Total	\$ 1,740.9	\$ 1,546.3
B. Inactive Members and Annuitants		
Service Retirement	\$ 864.0	\$ 718.8
Disability Retirement	9.4	7.0
Beneficiaries	86.5	70.8
Vested Terminated Members	<u>125.0</u>	<u>105.6</u>
Total	\$ 1,084.9	\$ 902.2
C. Grand Total	\$ 2,825.8	\$ 2,448.5

Seattle City Employees' Retirement System Actuarial Valuation

Section 5 Employer Contributions



Funding

As shown in Tables 2 and 3, the total actuarial liability exceeds the current assets. This is to be expected, because the System is anticipating future member and employer contributions. The actuarial valuation develops a contribution method to fund this shortfall.

The actuarial cost method utilized is the Entry Age Actuarial Cost Method. This cost method has two components:

1. A normal cost, and
2. An amortization of the unfunded actuarial accrued liability.

Most actuarial cost methods utilize a cost method with these two components. The vast majority of public pension plans utilize the entry age (EA) actuarial cost method, as does SCERS.

The normal cost under EA is developed so that benefits are funded as a level percentage of payroll for each member from the member's hire date to the member's termination date. One key feature of this method is that costs tend to be stable from year-to-year because most members' entry age cost percentages do not change materially from year-to-year, and because the population does not change considerably from year-to-year. Normal costs by benefit type are shown in Table 4.

When the present value of future normal costs is subtracted from the present value of total benefits, the result is the actuarial accrued liability. This can also be thought of as the present value of past normal costs, or the amount which would be in the fund if all prior assumptions had been exactly met. To the extent that this actuarial accrued liability exceeds plan assets, an unfunded actuarial accrued liability (UAAL) exists. This is currently the situation for the SCERS.

Actuarial Gains and Losses

Because a UAAL exists, the total System costs must reflect an amortization of this UAAL. In general, a UAAL exists when liabilities increase more than anticipated or assets increase less than anticipated. Both have occurred as benefits were recently improved and investment returns fell significantly short of expectations earlier in this decade.

When experience is different from actuarial expectation, an actuarial gain or loss occurs. Section 7 illustrates the historical actuarial gains and losses by source. Note that the strong investment return during 2006 and 2007 resulted in an actuarial gain of \$97 million. Ongoing actuarial gains and losses decrease and increase the UAAL.

Amortization of UAAL

Table 6 compares the 16.06% total contribution rate with the necessary funding components: normal cost and amortization of UAAL. The table shows that the total contribution rate exceeds the normal cost, with the remaining contribution going toward an amortization of the UAAL. The resulting amortization payment of 2.74% results in an amortization period of 16.2 years from January 1, 2008.

The current Retirement Board funding policy states that “if the Funding Ratio is less than 100% and a UAAL occurs which can not be amortized over a period of less than 20 years by the combined total contribution rates, additional employer contributions may be considered.” The remaining amortization period is now 18.0 years.

**Seattle City Employees' Retirement System
Actuarial Valuation**

Table 4 Normal Cost Contribution Rates as Percentages of Salary

	January 1, 2008	January 1, 2006
Service Retirement	10.23 %	9.21 %
Vested Retirement	1.00	0.82
Disability Retirement	0.17	0.16
Survivor Benefits	0.21	0.15
Refund of Member Contributions	1.31	1.81
Administrative Expenses	0.40	0.35
Total	13.32 %	12.50 %

**Seattle City Employees' Retirement System
Actuarial Valuation**

Table 5 Unfunded Actuarial Accrued Liability

(All dollar amounts in millions)

	<u>January 1, 2008</u>	<u>January 1, 2006</u>
A. Actuarial present value of all future benefits for present and former members and their survivors (Table 3)	\$ 2,825.8	\$ 2,448.5
B. Less actuarial present value of total future normal costs for present members	<u> 531.2</u>	<u> 431.0</u>
C. Actuarial accrued liability [A - B]	\$ 2,294.6	\$ 2,017.5
D. Less actuarial value of assets available for benefits (Table 2)	<u> 2,119.4</u>	<u> 1,791.8</u>
E. Unfunded actuarial accrued liability (Funding Excess, if negative) [C - D]	\$ 175.2	\$ 225.7
F. Funding Ratio [D ÷ C]	92.4%	88.8%

**Seattle City Employees' Retirement System
Actuarial Valuation**

Table 6 Recommended Contribution Rates as Percentages of Salary

	<u>January 1, 2008</u>	<u>January 1, 2006</u>
A. Employer contribution rate	8.03 %	8.03 %
B. Member contribution rate	<u>8.03</u>	<u>8.03</u>
C. Total contribution rate	16.06 %	16.06 %
D. Less total normal cost rate	<u>13.32</u>	<u>12.50</u>
E. Excess of contribution rate over normal cost rate	2.74 %	3.56 %
F. Amortization period	16.2 years	18.0 years
G. Allocation of employer contribution rate*		
Normal cost	5.29 %	4.47 %
Amortization payment	<u>2.74</u>	<u>3.56</u>
Total employer contribution rate	8.03 %	8.03 %



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Seattle City Employees' Retirement System Actuarial Valuation

Section 6 Actuarial Information for Accounting Purposes



The Governmental Accounting Standards Board (GASB) has issued standards under Statements No. 25 and 27. Statement 25 is required reporting by the plan (the System) and Statement 27 is reporting by state and local governmental employers (the City).

Statement 25 included certain supplementary information:

1. A schedule of funding progress, and
2. A schedule of employer contributions.

The schedule of funding progress is shown in Table 8 and compares assets and liabilities over the years. In particular, it shows the funded ratio and Unfunded Actuarial Accrued Liability (UAAL). As shown by Table 8, the plan was fully funded or nearly fully funded from 1996 through 2000. Because of the poor investment returns of 2000 through 2003, the plan remains not fully funded. In this case, "fully funded" means that assets exceed actuarial accrued liabilities, so that no positive UAAL exists. This can also be seen as a funded ratio in excess of 100%.

The schedule of employer contributions is shown in Table 10, and shows that the employer has consistently made contributions equal or greater to the ARC.

Table 7 develops the Annual Pension Cost (APC) and Net Pension Obligation (NPO). The NPO can be thought of as the accumulated value of APC in excess of employer contributions. Because contributions have exceeded the APC in prior years, a negative NPO has built up. The current Board policy is to set the Actuarial Required Contribution (ARC) equal to the fixed contribution rate, solving for the amortization period.

**Seattle City Employees' Retirement System
Actuarial Valuation**

**Table 7 GASB Statement No. 27 Annual Pension Cost
and Net Pension Obligation**

For Fiscal Year Ending December 31, 2007
Based on January 1, 2006 Valuation

	Fiscal Year Ended December 31	
	2006	2007
1a Total Normal Cost Rate	12.50%	12.50%
1b Employee Contribution Rate	8.03%	8.03%
1c Employer Normal Cost Rate (1a - 1b)	<u>4.47%</u>	<u>4.47%</u>
2a Total Employer Contribution Rate	8.03%	8.03%
2b Amortization Payment Rate (2a - 1c)	3.56%	3.56%
2c Amortization Period	18.0	18.0
2d GASB 27 Amortization Rate	3.56%	3.56%
3 Total Annual Required Contribution (ARC) Rate (1c + 2d)	8.03%	8.03%
4 Covered Employee Payroll**	472,470,212	501,861,843
5a ARC (3 x 4)	37,939,358	40,299,506
5b Interest on Net Pension Obligation (NPO)	(6,049,964)	(6,064,263)
5c ARC Adjustment	<u>5,865,455</u>	<u>5,879,319</u>
5d Annual Pension Cost (APC) (5a + 5b + 5c)	<u>37,754,849</u>	<u>40,114,562</u>
6 Employer Contribution	37,939,358	40,299,506
7a Change in NPO (5d - 6)	(184,509)	(184,944)
7b NPO at Beginning of Year	<u>(78,064,047)</u>	<u>(78,248,556)</u>
7c NPO at End of Year (7a + 7b)	<u>(78,248,556)</u>	<u>(78,433,500)</u>

* If the amortization period determined by the actual contribution rate exceeds the maximum amortization period required by GASB Statement No. 27, the ARC is determined using an amortization of the UAAL over 30 years.

** Covered payroll includes compensation paid to all active employees on which contributions were made in the year preceding the valuation date.

Seattle City Employees' Retirement System Actuarial Valuation

Table 8 Schedule of Funding Progress
(All dollar amounts in millions)

Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll ⁽¹⁾	UAAL as a Percentage of Covered Payroll
1984	\$ 329.8	\$ 544.0	\$ 214.2	60.6%	\$ 159.4	134.4%
1986	395.7	561.3	165.6	70.5	182.0	91.0
1988	445.4	595.3	149.9	74.8	199.0	75.3
1990	558.8	737.9	179.1	75.7	212.3	84.4
1992	660.0	810.5	150.5	81.4	239.4	62.9
1994	781.8	926.2	144.4	84.4	291.8	49.5
1996	980.2	1,019.7	39.5	96.1	310.6	12.7
1997	1,094.8	1,087.3	(7.5)	100.7	316.9	(2.4)
1998 ⁽²⁾	1,224.6	1,266.7	42.1	96.7	341.5	12.3
1999	1,375.0	1,326.6	(48.4)	103.6	370.4	(13.1)
2000	1,582.7	1,403.1	(179.6)	112.8	383.6	(46.5)
2002	1,383.7	1,581.4	197.7	87.5	405.1	48.8
2004	1,527.5	1,778.9	251.4	85.9	424.7	59.2
2006	1,791.8	2,017.5	225.8	88.8	447.0	50.5
2008	2,119.4	2,294.6	175.2	92.4	501.9	34.9

⁽¹⁾ Covered Payroll includes compensation paid to all active employees on which contributions are calculated. Covered Payroll differs from the Active Member Valuation Payroll shown in Table 1, which is an annualized compensation of only those members who were active on the actuarial valuation date.

⁽²⁾ Reflects increased COLA benefits adopted by the City Council after the valuation was completed.

Seattle City Employees' Retirement System Actuarial Valuation

Table 9 Solvency Test

(All dollar amounts in millions)

Actuarial Valuation Date January 1	Actuarial Value of Valuation Assets	Actuarial Accrued Liabilities for				Portion of Actuarial Accrued Liabilities Covered by Assets			
		(A)	(B)	(C)	(D)	(A)	(B)	(C)	(D)
		Active Member Contributions	Inactives, Retirees and Beneficiaries	Active Members (Employer Financed Portion)	Total				
1984	\$ 329.8	\$ 90.1	\$ 243.0	\$ 210.9	\$ 544.0	100.0%	98.6%	0.0%	60.6%
1986	395.7	110.7	263.1	187.5	561.3	100.0	100.0	11.7	70.5
1988	445.4	136.0	303.6	155.7	595.3	100.0	100.0	3.7	74.8
1990	558.8	164.0	332.8	241.1	737.9	100.0	100.0	25.7	75.7
1992	660.0	202.6	357.9	250.0	810.5	100.0	100.0	39.8	81.4
1994	781.8	248.4	383.1	294.7	926.2	100.0	100.0	51.0	84.4
1996	980.2	294.1	409.3	316.3	1,019.7	100.0	100.0	87.5	96.1
1997	1,094.8	313.1	449.8	324.4	1,087.3	100.0	100.0	100.0	100.7
1998 ⁽¹⁾	1,224.6	337.3	551.8	377.6	1,266.7	100.0	100.0	88.9	96.7
1999	1,375.0	358.4	577.6	390.6	1,326.6	100.0	100.0	100.0	103.6
2000	1,582.7	385.2	599.4	418.5	1,403.1	100.0	100.0	100.0	112.8
2002	1,383.7	434.3	675.6	471.5	1,581.4	100.0	100.0	58.1	87.5
2004	1,527.5	482.5	758.9	537.5	1,778.9	100.0	100.0	53.2	85.9
2006	1,791.8	539.7	902.2	575.6	2,017.5	100.0	100.0	60.8	88.8
2008	2,119.4	590.1	1,084.9	619.6	2,294.6	100.0	100.0	71.7	92.4

⁽¹⁾ Reflects increased COLA benefits adopted by the City Council after the valuation was completed.



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Seattle City Employees' Retirement System Actuarial Valuation

Table 10 Schedule of Employer Contributions

(All dollar amounts in millions)

Fiscal Year Ending December 31	Covered Employee Payroll ⁽¹⁾	Actual Employer Contributions ⁽²⁾	Actual Employer Contribution % ⁽³⁾	Annual Required Contribution (ARC) % ⁽⁴⁾	Percentage of ARC Contributed
1989	\$ 212.3	\$ 25.1	8.91%	8.91%	\$ 159.4
1990	243.2	21.8	8.91	8.91	100.0
1991	239.4	21.5	8.91	8.91	100.0
1992	280.4	25.1	8.91	8.91	100.0
1993	291.8	26.1	8.91	8.91	100.0
1994	298.0	26.7	8.91	8.91	100.0
1995	310.6	27.8	8.91	8.91	100.0
1996	316.9	28.4	8.91	8.91	100.0
1997	316.3	28.3	8.91	8.91	100.0
1998 ⁽⁴⁾	341.5	30.6	8.91	8.91	100.0
1999	370.4	29.7	8.03	4.50	178.0
2000	383.6	30.8	8.03	4.50	178.0
2001	405.1	32.7	8.03	3.04	264.0
2002	454.5	36.6	8.03	3.04	264.0
2003	424.7	34.2	8.03	8.03	100.0
2004	456.8	36.7	8.03	8.03	100.0
2005	447.0	35.9	8.03	8.03	100.0
2006	472.5	37.9	8.03	8.03	100.0
2007	501.9	40.3	8.03	8.03	100.0

⁽¹⁾ Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll.

⁽²⁾ The actual and required employer contributions are expressed as a percentage of payroll, after first recognizing the \$12 per employee assessment made for the death benefits. This assessment per employee is included in the actual employer contributions reported and has been previously recognized by the actuary in determining the ARC.

⁽³⁾ The City makes employer contributions as a percentage of actual payroll as set in the City Ordinance. Thus, as long as the percentage equals the percentage required by the most recent actuarial valuation, the dollar amount of the Annual Required Contributions (ARC) is equal to the actual dollar amount of the employer contributions. The City Ordinance does not permit a reduction in the employer contribution rate less than the employee contribution rate. Thus, the City's contributions exceeded the ARC for 1999 through 2001 and resulted in a negative NPO amount.

⁽⁴⁾ ARC reflects the increased COLA benefits adopted in 1998.



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**Seattle City Employees' Retirement System
Actuarial Valuation**

Table 11 GASB Statement No. 27 Five-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Contribution as a Percentage of APC</u>	<u>Net Pension Obligation (NPO)</u>
December 31, 2003	31,882,527	107%	74,500,706
December 31, 2004	34,920,836	105%	76,261,567
December 31, 2005	34,094,865	105%	78,064,047
December 31, 2006	37,754,849	100%	78,248,556
December 31, 2007	40,114,562	100%	78,433,500

Seattle City Employees' Retirement System Actuarial Valuation

Table 12 GASB Statement No. 27 Annual Development of Pension Cost

<u>Fiscal Year Ending</u>	<u>ARC at EOY</u>	<u>Interest on NPO</u>	<u>ARC Adjustment</u>	<u>Annual Pension Cost (APC)</u>	<u>Total Employer Contributions</u>	<u>Change in NPO</u>	<u>NPO Balance</u>	<u>Gain/Loss</u>	<u>Amort. Factor</u>	<u>Amort. Of Gain/Loss</u>	<u>Ending Balance</u>
December 31, 2003	34,100,457	(5,744,603)	3,556,673	31,882,527	34,200,693	(2,318,166)	(74,500,706)	(100,236)	19.05650	(3,556,673)	(74,500,706)
December 31, 2004	36,681,697	(5,773,805)	4,012,944	34,920,836	36,681,697	(1,760,861)	(76,261,567)	-	18.49780	(4,012,944)	(76,261,567)
December 31, 2005	35,897,345	(5,910,271)	4,107,791	34,094,865	35,897,345	(1,802,480)	(78,064,047)	-	18.49780	(4,107,791)	(78,064,047)
December 31, 2006	37,939,358	(6,049,964)	5,865,455	37,754,849	37,939,358	(184,509)	(78,248,556)	-	13.30912	(5,865,455)	(78,248,556)
December 31, 2007	40,299,506	(6,064,263)	5,879,319	40,114,562	40,299,506	(184,944)	(78,433,500)	-	13.30912	(5,879,319)	(78,433,500)

Amortization Period: Open 30 years, unless fixed rate amortizes in less than 30 years.

Amortization Method: Level Percentage of Projected Payroll.



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San Mateo County Employees' Retirement Association

Section 7 Actuarial Gains or Losses



An analysis of actuarial gains or losses was performed in conjunction with the January 1, 2004, January 1, 2006 and January 1, 2008 actuarial valuations.

The results of our analysis of the financial experience of the System in the three most recent actuarial valuations are presented in Table 13. Each gain or loss shown represents our estimate of how much the given type of experience caused the UAAL to change in the two-year period since the previous actuarial valuation.

Gains and losses due to demographic sources are approximate. Demographic experience is analyzed in greater detail in our periodic assumption studies.

Seattle City Employees' Retirement System Actuarial Valuation

Table 13 Analysis of Actuarial Gains or Losses

(All dollar amounts in millions)*

	Gain (Loss) for Period		
	2006-2007	2004-2005	2002-2003
Investment Income. Investment income was greater (less) than expected.	\$93.7	\$ 54.5	\$ (64.0)
Pay Increases. Pay increases were less (greater) than expected.	(15.2)	23.0	16.1
Age and Service Retirements. Members retired at older (younger) ages or with less (greater) final average pay than expected.	2.8	(6.2)	(14.5)
Disability Retirements. Disability claims were less (greater) than expected.	(0.4)	(0.3)	(0.5)
Death-in-Service Benefits. Survivor claims were less (greater) than expected.	0.0	0.9	(0.5)
Withdrawal from Employment. More (less) reserves were released by withdrawals than expected.	7.4	(8.1)	14.0
Death after Retirement. Retirees died younger (lived longer) than expected.	<u>(12.8)</u>	<u>(8.3)</u>	<u>0.4</u>
Total Gain or (Loss) during Period from Financial Experience.	\$75.6	\$ 55.5	\$ (49.0)
Nonrecurring Items:			
Changes in actuarial assumptions and plan amendments caused a gain (loss).	(43.6)	(17.9)	(0.9)
Change in actuarial asset valuation method caused a gain (loss).	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Composite Gain (Loss) during Period.	\$32.0	\$ 37.6	\$ (49.9)

* Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the UAAL.

Seattle City Employees' Retirement System Actuarial Valuation

Section 8 Impact of Future Contingent COLAS



As discussed in Section 1, increased Cost-of-Living Adjustments (COLA's) will become effective when the funding ratio increases to a certain level. Since it is unknown at what point in the future this will occur, the cost of these COLA's is not included in the actuarial valuation. To give the Board an idea of the potential impact of these changes, Table 14 shows the cost if these adjustments were to have been adopted on January 1, 2008. The actual cost will vary depending on when the System reaches the required level of funding.

When the System reaches the 100% funding ratio, the 70% Floor COLA will become effective.

Seattle City Employees' Retirement System Actuarial Valuation

Table 14 **Summary of Impact of Future Contingent COLAs**
(All dollar amounts in millions)

	January 1, 2008 Actuarial Valuation	
	Current Provisions	With Potential Change
Floor COLA	65%	70%
Funding Ratio Threshold	N/A	100%
Normal Cost Rate (with Expenses)	13.32%	13.41%
<i>Change from valuation</i>		0.09%
Actuarial Accrued Liability	\$2,294.6	\$2,324.8
<i>Change from valuation</i>		\$30.2

NOTE: The information shown above is based on the benefit provisions that were adopted by the City Council but which will not become effective until SCERS reaches a 100% Funding Ratio. This information is for disclosure purposes only and assumes that the benefits were effective on January 1, 2008.

Seattle City Employees' Retirement System Actuarial Valuation

Appendix A Actuarial Procedures and Assumptions



This section of the report describes the actuarial procedures and assumptions used in this valuation. The assumptions used in this valuation were adopted by the SCERS Board at their May, 2008 meeting.

The actuarial assumptions used in the valuation are intended to estimate the future experience of the members of the System and of the System itself in areas that affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the System's benefits. Table A-1 summarizes the actuarial assumptions.

Table A-2 presents expected annual salary increases for various years of service. Tables A-3 through A-6 show rates of decrement for service retirement, disablement, mortality, and other terminations of employment. Table A-7 shows probabilities of vesting upon termination.

Actuarial Cost Method

The actuarial valuation was prepared using the entry age actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs is called the unfunded actuarial accrued liability or UAAL. The UAAL is amortized as a level percentage of the projected salaries of present and future members of the System.

Records and Data	The data used in the valuation consist of financial information; records of age, sex, service, salary, and contribution rates and account balances of contributing members; and records of age, sex, and amount of benefit for retired members and beneficiaries. All of the data were supplied by the System and are accepted for valuation purposes without audit.
Replacement of Terminated Members	The ages at entry and distribution by sex of future members are assumed to average the same as those of the present members they replace. If the number of active members should increase, it is further assumed that the average entry age of the larger group will be the same, from an actuarial standpoint, as that of the present group. Under these assumptions, the normal cost rates for active members will not vary with the termination of present members.
Employer Contributions	At the time of this valuation, the total employer contribution rate for normal costs and amortization of the UAAL was 8.03% of members' salaries.
Administrative Expense	The annual contribution assumed to be necessary to meet general administrative expenses of the system, excluding investment expenses, is 0.40% of members' salaries. This figure is included in the calculation of the normal cost rate.
Valuation of Assets	All assets are valued at market as of the valuation date, January 1, 2008.
Investment Earnings	The annual rate of investment earnings of the assets of the System is assumed to be 7.75%. This rate is compounded annually and is net of investment expenses.
Postretirement Benefit Increases	Postretirement benefit increases include: <ul style="list-style-type: none">■ Automatic 1.5% Annual COLA – This benefit applies to all members.■ 65% Restoration of Purchasing Power (ROPP) – The member's benefit is the greater of 65% of the annual initial benefit adjusted for CPI or their applicable benefit. This minimum benefit is available to all retirees and beneficiaries. The financial impact of the ROPP benefit is valued assuming an annual price inflation rate of 3.5%.

Postretirement Benefit Increases (continued)	Additional contingent COLA increases that were adopted in 2001, but not effective until the System reaches at least a 100% funding ratio, are not included in the valuation results.
Future Salaries	Table A-2 illustrates the rates of future salary increases assumed for the purpose of the valuation. In addition to increases in salary due to promotions and longevity, this scale includes an assumed 4.0% per annum rate of increase in the general wage level of the membership.
Service Retirement	Table A-3 shows the annual assumed rates of retirement among members eligible for service retirement or reduced retirement. Separate rates are also used during the first year a member is eligible for service retirement.
Disablement	The rates of disablement used in this valuation are illustrated in Table A-4. It is assumed that one-third of all disabilities are duty related and two-thirds occur while off duty.
Mortality	The mortality rates used in this valuation are illustrated in Table A-5. A written description of each table used is included in Table A-1.
Other Terminations of Employment	The rates of assumed future withdrawal from active service for reasons other than death, disability or retirement are shown for representative ages in Table A-6. Note that this assumption only applies to members who terminate and are not yet eligible for retirement.
Probability of Refund	<p>Terminating members may forfeit a vested right to a deferred benefit if they elect a refund of their accumulated contributions. Table A-7 gives the assumed probability, at selected ages, that a terminating member will elect to receive a refund of his accumulated contributions instead of a deferred benefit.</p> <p>If a member terminates with more than 20 years of service, there is assumed to be a 20% probability that the member will elect a refund.</p> <p>Note that the probability of refund assumption only applies to members who terminate with a vested benefit and are not yet eligible for retirement.</p>
Interest on Member Contributions	Interest on member contributions is assumed to accrue at a rate of 5.75% per annum, compounded annually.

Portability	The cost of portability with other public retirement systems is not included in this valuation.
Probability of Marriage	We assumed 60% of the active members are married or have a registered domestic partner.
Commencement for Terminated Vested Members	Vested members who terminate but elect to leave their contributions in the System are assumed to commence receiving benefits at age 62.

Seattle City Employees' Retirement System Actuarial Valuation

Table A-1 Summary of Valuation Assumptions as of January 1, 2008

I. Economic assumptions		
A. Price inflation		3.50%
B. General wage increases		4.00
C. Investment return		7.75
D. Increase in membership		0.00
E. Interest on member accounts		5.75
II. Demographic assumptions		
A. Salary increases due to promotion and longevity		Table A-2
B. Retirement		Table A-3
C. Disablement		Table A-4
D. Mortality among contributing members		Table A-5
Men	50% of the rates from the 1994 Group Annuity Mortality (GAM) Table for Males, with ages set forward one year.	
Women	75% of the rates from the 1994 GAM Table for Females, with ages set forward one year.	
E. Mortality among service retired members and beneficiaries		Table A-5
Men	1994 GAM Table for Males, with ages set forward one year.	
Women	1994 GAM Table for Females, with no age adjustment.	
F. Mortality among disabled members		Table A-5
	1992 Railroad Retirement Board Disabled Annuitants Ultimate Mortality Table, with ages set back four years (minimum rate of 2%).	
G. Other terminations of employment		Table A-6
H. Probabilities of vesting on termination		Table A-7

Seattle City Employees' Retirement System Actuarial Valuation

Table A-2 Future Salaries

Annual Rate of Increase		
Years of Service	Promotion and Longevity	Total
0 to 1	5.75%	9.98%
1 to 2	4.75	8.94
2 to 3	3.75	7.90
3 to 4	2.75	6.86
4 to 5	2.25	6.34
9 to 10	1.00	5.04
14 to 15	0.50	4.52
19 to 20	0.29	4.30
24 to 25	0.25	4.26
29 to 30	0.25	4.26
35 or more	0.25	4.26

Seattle City Employees' Retirement System Actuarial Valuation

Table A-3 Retirement

Age	Annual Probability					
	Men			Women		
	Eligible for Full Benefits			Eligible for Full Benefits		
	Eligible for Reduced Benefits	Less than 30 years of service	30 years or more of service	Eligible for Reduced Benefits	Less than 30 years of service	30 years or more of service
Less than 50	0.0%	10.0%	8.0%	0.0%	10.0%	10.0%
50	6.0	10.0	10.0	5.0	10.0	12.0
51	6.0	10.0	10.0	5.0	10.0	12.0
52	6.0	12.0	12.0	5.0	12.0	12.0
53	6.0	10.0	12.0	5.0	12.0	12.0
54	6.0	10.0	12.0	5.0	12.0	15.0
55	6.0	12.0	15.0	5.0	12.0	20.0
56	6.0	10.0	12.0	5.0	12.0	15.0
57	6.0	10.0	12.0	5.0	12.0	15.0
58	6.0	10.0	15.0	6.0	15.0	15.0
59	7.0	12.0	15.0	8.0	15.0	15.0
60	10.0	18.0	20.0	10.0	18.0	20.0
61	15.0	18.0	20.0	14.0	18.0	20.0
62	18.0	35.0	35.0	24.0	35.0	35.0
63	15.0	25.0	25.0	15.0	25.0	25.0
64	15.0	25.0	25.0	15.0	25.0	25.0
65		50.0	50.0		50.0	50.0
66		30.0	30.0		30.0	30.0
67		30.0	30.0		30.0	30.0
68		30.0	30.0		30.0	30.0
69		30.0	30.0		30.0	30.0
70		*	*		*	*

* Immediate retirement is assumed for every person age 70 or over.

Seattle City Employees' Retirement System Actuarial Valuation

Table A-4 Disablement*

Age	Annual Rates	
	Men	Women
20	.00%	.00%
25	.00	.00
30	.05	.05
35	.05	.05
40	.07	.07
45	.07	.07
50	.10	.10
55	.10	.10
60	.10	.10
65	.00	.00

**It is assumed that one-third of all disabilities are duty related and two-thirds are non-duty related.*

Seattle City Employees' Retirement System Actuarial Valuation

Table A-5 Mortality

Age	Annual Probability				
	Contributing Members		Members Retired for Service and Beneficiaries of Members		Disabled Members
	Men	Women	Men	Women	Men & Women
22	.03%	.02%	.06%	.03%	2.00%
27	.04	.02	.08	.03	2.00
32	.04	.03	.08	.04	2.00
37	.05	.04	.09	.06	2.00
42	.07	.07	.14	.08	2.00
47	.11	.09	.21	.11	2.00
52	.18	.14	.36	.17	2.00
57	.32	.25	.63	.29	2.00
62	.58	.50	1.15	.58	2.00
67	1.00	.89	1.99	1.08	3.40
72	N/A	N/A	3.12	1.65	5.52
77	N/A	N/A	5.02	2.84	8.56
82	N/A	N/A	8.25	4.92	12.75
87	N/A	N/A	12.70	8.40	18.30
92	N/A	N/A	19.84	14.20	25.43

**Seattle City Employees' Retirement System
Actuarial Valuation**

Table A-6 Other Terminations of Employment Among Members Not Eligible to Retire

Years of Service	Annual Rates for Men	Annual Rates for Women
0 to 1	11.0%	13.0%
1 to 2	10.0	12.0
2 to 3	9.0	10.0
3 to 4	8.0	9.0
4 to 5	7.0	8.0
5 to 6	6.0	7.0
6 to 7	5.3	6.3
7 to 8	4.6	5.7
8 to 9	4.0	5.1
9 to 10	3.5	4.5
10 to 11	3.1	4.0
11 to 12	2.8	3.5
12 to 13	2.5	3.0
13 to 14	2.3	2.6
14 to 15	2.0	2.3
15 to 16	1.8	2.0
16 to 17	1.6	1.8
17 to 18	1.4	1.5
18 to 19	1.3	1.3
19 to 20	1.1	1.1
20 to 21	1.0	1.0
21 to 22	0.9	0.9
22 to 23	0.9	0.9
23 to 24	0.8	0.8
24 to 25	0.8	0.8
25 to 26	0.7	0.7
26 to 27	0.7	0.7
27 to 28	0.6	0.6
28 to 29	0.6	0.6
29 to 30	0.5	0.5
30 and up	0.5	0.5

Seattle City Employees' Retirement System Actuarial Valuation

Table A-7 Probability of Refund

Age	Probabilities of Refund upon Termination*
25	85.0%
30	75.0
35	65.0
40	55.0
45	45.0
50	40.0
55	35.0
60	30.0

**If service is 20 or more years at termination,
probability of refund is equal to 20%.*

Seattle City Employees' Retirement System Actuarial Valuation

Appendix B Provisions of Governing Law



All actuarial calculations are based upon our understanding of the provisions governing the Seattle City Employees' Retirement System, Chapter 4.36 of the Seattle City Code. The benefit and contribution provisions are summarized briefly below, along with corresponding references to the City code. This summary encompasses the major provisions of the System; it does not attempt to cover all of the detailed provisions.

Effective Date

The effective date of the retirement system was July 1, 1929.
(Section 4.36.080)

Members' Contribution Rate

The members' contribution rate is currently 8.03% of salary. Certain members who were contributing at a lower rate on June 23, 1972 continue to contribute at a lower rate.
(Section 4.36.110A)

City Contribution Rate

The City contribution rate is the amount that is actuarially determined to be necessary to fund that portion of the retirement allowances not covered by the members' contributions. This amount shall be at least the members' contribution rate and is currently 8.03%.
(Sections 4.36.110C and 4.36.170)

Final Compensation

Final compensation is based on highest average compensation (excluding overtime) during any consecutive 24 months.
(Sections 4.36.040C and 4.36.050B)

Service Retirement

Eligibility 30 years of service;
Age 52 and 20 years of service;
Age 57 and 10 years of service; or
Age 62 and 5 years of service.

Normal Form Straight life benefit.

Optional Forms Actuarial equivalent according to the mortality and interest basis adopted by the Retirement Board for such purposes.

**Service Retirement
(continued)**

Amount of Allowance The total monthly allowance is generally 2% times final compensation times total years of creditable service.

However, if the member does not qualify in one of the following ways, the 2% factor is reduced by 0.1% for each year that retirement precedes the earliest date the member would be:

- (a) any age with 30 years of service;
- (b) age 51-59, providing the member's age and years of service total 80 or more;
- (c) age 60 or older with 20 years of service; or
- (d) age 65 or older with 5 years of service.

The reduction is somewhat less than 0.1% for members with less than 20 years of service.

For those hired on or after January 1, 1988, creditable service excludes the first six months of service.

Maximum Allowance The retirement allowance of any member shall be limited to 60% of final compensation.

Minimum Allowance A monthly benefit based on twice the actuarial value of accumulated member contributions. This is not subject to the 60% of final compensation maximum.

(Sections 4.36.200, 4.36.210 and 4.36.260)

Disability Retirement	<i>Eligibility</i>	Ten years of service credited within the 15 years preceding disability retirement. If disablement occurs in the course of City employment, there is no service requirement.
	<i>Normal Form</i>	Modified cash refund annuity. An optional survivor's benefit is available if the spouse is the beneficiary.
	<i>Amount of Allowance</i>	The total monthly disability allowance is the greater of: <ul style="list-style-type: none"> (a) 1.5% times final compensation times completed years of creditable service; and (b) 1.5% times final compensation times total years of creditable service that could have been earned to age 62, but not to exceed one-third of final compensation.
	<i>Maximum Allowance</i>	The maximum disability allowance is 60% of final compensation.
	<i>Minimum Allowance</i>	The minimum disability allowance is \$140 per month. (Sections 4.36.220 and 4.36.230)

Death Benefits	<i>Retired Members</i>	Death benefits to retired members are payable according to the form of retirement allowance elected.
	<i>Active Members</i>	<ul style="list-style-type: none"> (a) Payment to the beneficiary of accumulated contributions, including interest; or (b) If the member had completed 10 years of service at the time of death, a surviving spouse or a registered domestic partner may elect to receive, in place of (a) above, either: <ul style="list-style-type: none"> (1) a monthly allowance for life equal to the benefit the spouse would have received had the member just retired with a 100% contingent annuitant option in force; or (2) a cash payment of no more than one-half of the member's accumulated contributions, along with a correspondingly reduced retirement allowance. <p style="text-align: center;">(Section 4.36.270)</p>

Withdrawal Benefits	<i>Form</i>	Payment of accumulated contributions, with interest. (Section 4.36.190)
Vested Withdrawal Benefits	<i>Eligibility</i>	Five years of service.
	<i>Amount of Allowance</i>	Same as service retirement benefit.
	<i>Benefits Commence</i>	Age 52, if 20 or more years of service; Age 57, if 10 - 19 years of service; or Age 62, otherwise. (Section 4.36.200)
Postretirement Benefit Increases	<i>Provisions</i>	Effective January 1, 2007, the City Council adopted a 65% Restoration of Purchasing Power benefit and an automatic 1.5% annual COLA to all members. If the System reaches a 100% funding ratio, the restoration amount increases to 70%. (Sections 4.36.155 and 4.36.215)
Death Benefit System	<i>Eligibility</i>	Mandatory for all active members; optional for retired members.
	<i>Benefits</i>	\$2,000 upon the death of an active member or a participating retired member.
	<i>Assessment</i>	Members pay an assessment of \$12 per year; the City pays a matching amount. If these assessments are not adequate, additional amounts may be transferred from the interest earnings in the retirement fund. (Sections 4.36.320 and 4.36.330)
Additional Contributions	<i>Provisions</i>	Members may voluntarily make contributions in excess of the regular 8.03% rate.
	<i>Retirement Benefit</i>	A monthly annuity which is the actuarial equivalent of accumulated additional contributions with interest.
	<i>Other Benefits</i>	Accumulated additional contributions, with interest, generally become payable upon termination other than retirement. (Sections 4.36.030 and 4.36.210)

Seattle City Employees' Retirement System Actuarial Valuation

Appendix C Valuation Data



This valuation is based upon the membership of the system as of January 1, 2007. Membership data were supplied by the System and accepted for valuation purposes without audit. However, extensive tests were performed to ensure that the data are sufficiently accurate for valuation purposes.

The data for all contributing members, former contributing members, and their survivors are summarized in Table C-1.

Tables C-2 through C-4 present distributions of members receiving service retirement benefits, members receiving disability retirement benefits, and survivors receiving benefits. Shown in the tables are the numbers of persons receiving benefits, the total annual benefits received (including payments for the annual bonus), and the average annual benefit per recipient.

Table C-5 contains summaries of the data for contributing members. Values shown in the tables are the numbers of members and their total and average annual salaries.

The valuation also includes liabilities attributable to members who have terminated employment but have neither retired nor withdrawn their contributions. There are 2,050 such members.

**Seattle City Employees' Retirement System
Actuarial Valuation**

Table C-1 Summary of Membership Data

	Contributing Members			Annuitants		
	Number	Annual Salaries (\$1,000)	Average Annual Salaries	Number	Annual Benefits (\$1,000)	Average Annual Benefits
January 1, 2008	8,842	529,062	59,835	5,201	102,772	19,760
January 1, 2006	8,521	468,096	54,934	5,011	83,988	16,761
January 1, 2004	8,382	441,562	52,680	4,876	74,341	15,246
January 1, 2002	8,758	418,908	47,831	4,733	61,801	13,058
January 1, 2000	8,669	382,620	44,137	4,681	55,542	11,865
January 1, 1999	7,779	333,984	42,934	4,644	52,482	11,301
January 1, 1998	7,926	329,028	41,512	4,649	50,394	10,840
January 1, 1996	8,078	314,448	38,926	4,619	44,271	9,585



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**Seattle City Employees' Retirement System
Actuarial Valuation**

Inactive Lives

Table C-2 Members Receiving Service Retirement Benefits as of January 1, 2008

	<u><50</u>	<u>50-54</u>	<u>55-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-84</u>	<u>85-89</u>	<u>90+</u>	<u>Totals</u>
Number of Persons											
Male	0	27	206	490	479	423	319	326	291	102	2,663
Female	1	25	185	315	248	200	163	166	160	104	1,567
Total	1	52	391	805	727	623	482	492	451	206	4,230
Annual Benefits in Thousands											
Male	0	837	6,311	13,947	12,221	9,236	6,730	6,512	5,009	1,557	62,360
Female	18	681	5,197	7,256	4,657	3,463	2,435	1,951	1,523	883	28,064
Total	18	1,518	11,508	21,203	16,878	12,699	9,165	8,463	6,532	2,440	90,424
Average Annual Benefits											
Male		31,000	30,636	28,463	25,514	21,835	21,097	19,975	17,213	15,265	23,417
Female	18,000	27,240	28,092	23,035	18,778	17,315	14,939	11,753	9,519	8,490	17,909
Total	18,000	29,192	29,432	26,339	23,216	20,384	19,015	17,201	14,483	11,845	21,377



**Seattle City Employees' Retirement System
Actuarial Valuation**

Inactive Lives

Table C-3 Members Receiving Disability Retirement Benefits as of January 1, 2008

	<u><50</u>	<u>50-54</u>	<u>55-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-84</u>	<u>85-89</u>	<u>90+</u>	<u>Totals</u>
Number of Persons											
Male	1	4	3	6	4	4	4	6	4	2	38
Female	4	11	6	1	4	2	2	0	3	1	34
Total	5	15	9	7	8	6	6	6	7	3	72
Annual Benefits in Thousands											
Male	26	59	43	86	43	44	49	51	36	16	453
Female	52	196	125	8	37	21	22	0	22	6	489
Total	78	255	168	94	80	65	71	51	58	22	942
Average Annual Benefits											
Male	26,000	14,750	14,333	14,333	10,750	11,000	12,250	8,500	9,000	8,000	11,921
Female	13,000	17,818	20,833	8,000	9,250	10,500	11,000		7,333	6,000	14,382
Total	15,600	17,000	18,667	13,429	10,000	10,833	11,833	8,500	8,286	7,333	13,083



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**Seattle City Employees' Retirement System
Actuarial Valuation**

Inactive Lives

Table C-4 Survivors Receiving Retirement Benefits as of January 1, 2008*

	<u><50</u>	<u>50-54</u>	<u>55-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-84</u>	<u>85-89</u>	<u>90+</u>	<u>Totals</u>
Number of Persons											
Male	0	7	3	4	7	1	6	2	7	3	40
Female	9	11	23	45	37	53	100	166	191	152	787
Total	9	18	26	49	44	54	106	168	198	155	827
Annual Benefits in Thousands											
Male	0	93	30	83	61	9	55	16	42	17	406
Female	110	177	319	738	486	839	1,271	2,181	2,276	1,495	9,892
Total	110	270	349	821	547	848	1,326	2,197	2,318	1,512	10,298
Average Annual Benefits											
Male		13,286	10,000	20,750	8,714	9,000	9,167	8,000	6,000	5,667	10,150
Female	12,222	16,091	13,870	16,400	13,135	15,830	12,710	13,139	11,916	9,836	12,569
Total	12,222	15,000	13,423	16,755	12,432	15,704	12,509	13,077	11,707	9,755	12,452

* In addition, 27 male survivors are receiving \$312,743 and 45 female survivors are receiving \$781,819 in Option B or Option C benefits for a certain period only.



**Seattle City Employees' Retirement System
Actuarial Valuation**

Active Lives

Table C-5 Distribution of Employees and Salaries as of January 1, 2008

Number of Employees - By Age Group - Males

Nearest Year of Service	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70+	Totals
0		22	47	37	34	34	24	23	10	10	2		243
1	1	32	62	66	50	42	34	38	25	9	2	2	363
2	1	11	37	38	54	41	35	27	24	11	3		282
3-4		13	46	65	82	73	81	55	33	17	5	2	472
5-9		3	38	121	160	196	186	180	134	67	20	7	1,112
10-14			1	9	79	106	100	119	84	43	17	7	565
15-19					14	82	133	145	113	64	15	8	574
20-24						12	70	117	141	53	14	5	412
25-29							1	47	112	59	10	1	356
30-34							5	45	65	61	12	3	191
35-39								3	26	40	19	4	92
40+									2	7	12	4	25
Totals	2	81	231	336	473	587	715	864	783	441	131	43	4,687

Monthly Salaries in Thousands - By Age Group - Males

Nearest Year of Service	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70+	Totals
0		77	188	162	145	176	108	135	56	61	14		1,122
1	2	102	242	291	245	214	174	205	114	41	7	8	1,645
2	1	35	144	169	267	178	174	106	114	59	5		1,252
3-4		31	180	295	386	360	420	252	177	89	18	2	2,210
5-9		5	137	543	863	1,018	984	952	700	341	100	20	5,663
10-14			5	34	407	571	538	604	484	236	83	32	2,994
15-19					71	440	719	838	625	346	80	38	3,157
20-24						68	412	684	830	308	82	27	2,411
25-29							5	282	695	788	356	56	2,188
30-34								27	252	385	355	67	1,102
35-39									17	177	232	113	557
40+										11	43	66	140
Totals	3	250	896	1,494	2,384	3,030	3,838	4,740	4,461	2,467	691	187	24,441



This work product was prepared solely for SCERS for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. C-6

**Seattle City Employees' Retirement System
Actuarial Valuation**

Active Lives

Table C-5 Distribution of Employees and Salaries as of January 1, 2008

Average Monthly Salaries - By Age Group - Males

Nearest Year of Service	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70+	Totals
0		3,500	4,000	4,378	4,265	5,176	4,500	5,870	5,600	6,100	7,000		4,617
1	2,000	3,188	3,903	4,409	4,900	5,095	5,118	5,395	4,560	4,556	3,500	4,000	4,532
2	1,000	3,182	3,892	4,447	4,944	4,341	4,971	3,926	4,750	5,364	1,667		4,440
3-4		2,385	3,913	4,538	4,707	4,932	5,185	4,582	5,364	5,235	3,600	1,000	4,682
5-9		1,667	3,605	4,488	5,394	5,194	5,290	5,289	5,224	5,090	5,000	2,857	5,093
10-14			5,000	3,778	5,152	5,387	5,380	5,076	5,762	5,488	4,882	4,571	5,299
15-19					5,071	5,366	5,406	5,779	5,531	5,406	5,333	4,750	5,500
20-24						5,667	5,886	5,846	5,887	5,811	5,857	5,400	5,852
25-29						5,000	6,000	6,205	6,254	6,034	5,600	6,000	6,146
30-34							5,400	5,600	5,923	5,820	5,583	5,333	5,770
35-39								5,667	6,808	5,800	5,947	4,500	6,054
40+									5,500	6,143	5,500	5,000	5,600
Totals	1,500	3,086	3,879	4,446	5,040	5,162	5,368	5,486	5,697	5,594	5,275	4,349	5,215



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**Table C-5
(continued)**

**Seattle City Employees' Retirement System
Actuarial Valuation**

Active Lives

Table C-5 Distribution of Employees and Salaries as of January 1, 2008

Number of Employees - By Age Group - Females

Nearest Year of Service	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70+	Totals
0	1	17	48	27	28	34	25	19	10	6			215
1	1	27	62	62	50	39	34	30	32	9			346
2		19	34	49	40	34	31	31	21	9			268
3-4	1	11	42	73	63	43	55	35	25	21	5		374
5-9		5	39	97	136	150	158	151	93	60	18	10	917
10-14				15	57	83	98	76	60	38	17	1	445
15-19				1	32	101	132	135	134	66	13	7	621
20-24					2	17	97	132	140	58	5	2	453
25-29							41	100	99	49	18	2	309
30-34							4	46	67	32	9	5	163
35-39									14	18	4		36
40+										5	3		8
Totals	3	79	225	324	408	501	675	755	695	371	92	27	4,155

Monthly Salaries in Thousands - By Age Group - Females

Nearest Year of Service	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70+	Totals
0	2	54	178	124	134	154	110	89	59	26			930
1	2	76	241	264	232	176	145	139	154	33			1,462
2		46	106	190	178	147	132	171	100	32			1,102
3-4	1	23	137	325	296	220	248	164	110	92	9		1,625
5-9		13	138	419	641	760	774	787	430	276	50	17	4,305
10-14				54	266	393	494	401	300	179	64	1	2,152
15-19				3	125	508	641	708	665	309	64	23	3,046
20-24					6	76	496	718	760	316	27	7	2,406
25-29							223	520	494	261	96	9	1,603
30-34							19	210	338	171	36	21	795
35-39									63	101	22		186
40+										21	13		34
Totals	5	212	800	1,379	1,878	2,434	3,282	3,907	3,473	1,817	381	78	19,646



This work product was prepared solely for SCERS for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. C-8

**Seattle City Employees' Retirement System
Actuarial Valuation**

Active Lives

Table C-5 Distribution of Employees and Salaries as of January 1, 2008

Average Monthly Salaries - By Age Group - Females

Nearest Year of Service	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70+	Totals
0	2,000	3,176	3,708	4,593	4,786	4,529	4,400	4,684	5,900	4,333			4,326
1	2,000	2,815	3,887	4,258	4,640	4,513	4,265	4,633	4,813	3,667			4,225
2		2,421	3,118	3,878	4,450	4,324	4,258	5,516	4,762	3,556			4,112
3-4	1,000	2,091	3,262	4,452	4,698	5,116	4,509	4,686	4,400	4,381	1,800		4,345
5-9		2,600	3,538	4,320	4,713	5,067	4,899	5,212	4,624	4,600	2,778	1,700	4,695
10-14				3,600	4,667	4,735	5,041	5,276	5,000	4,711	3,765	1,000	4,836
15-19				3,000	3,906	5,030	4,856	5,244	4,963	4,682	4,923	3,286	4,905
20-24					3,000	4,471	5,113	5,439	5,429	5,448	5,400	3,500	5,311
25-29							5,439	5,200	4,990	5,327	5,333	4,500	5,188
30-34							4,750	4,565	5,045	5,344	4,000	4,200	4,877
35-39									4,500	5,611	5,500		5,167
40+										4,200	4,333		4,250
Totals	1,667	2,684	3,556	4,256	4,603	4,858	4,862	5,175	4,997	4,898	4,141	2,889	4,728



Seattle City Employees' Retirement System Special Actuarial Valuation

Appendix D Glossary



The following definitions are largely excerpts from a list adopted in 1981 by the major actuarial organizations in the United States. In some cases the definitions have been modified for specific applicability to the Seattle City Employees' Retirement System. Defined terms are capitalized throughout this Appendix.

Accrued Benefit

The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.

Actuarial Accrued Liability

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.

Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement, and retirement; changes in compensation, rates of investment earnings, and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

Actuarial Cost Method

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial Gain (Loss)

A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

Actuarial Present Value

The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.

Actuarial Valuation

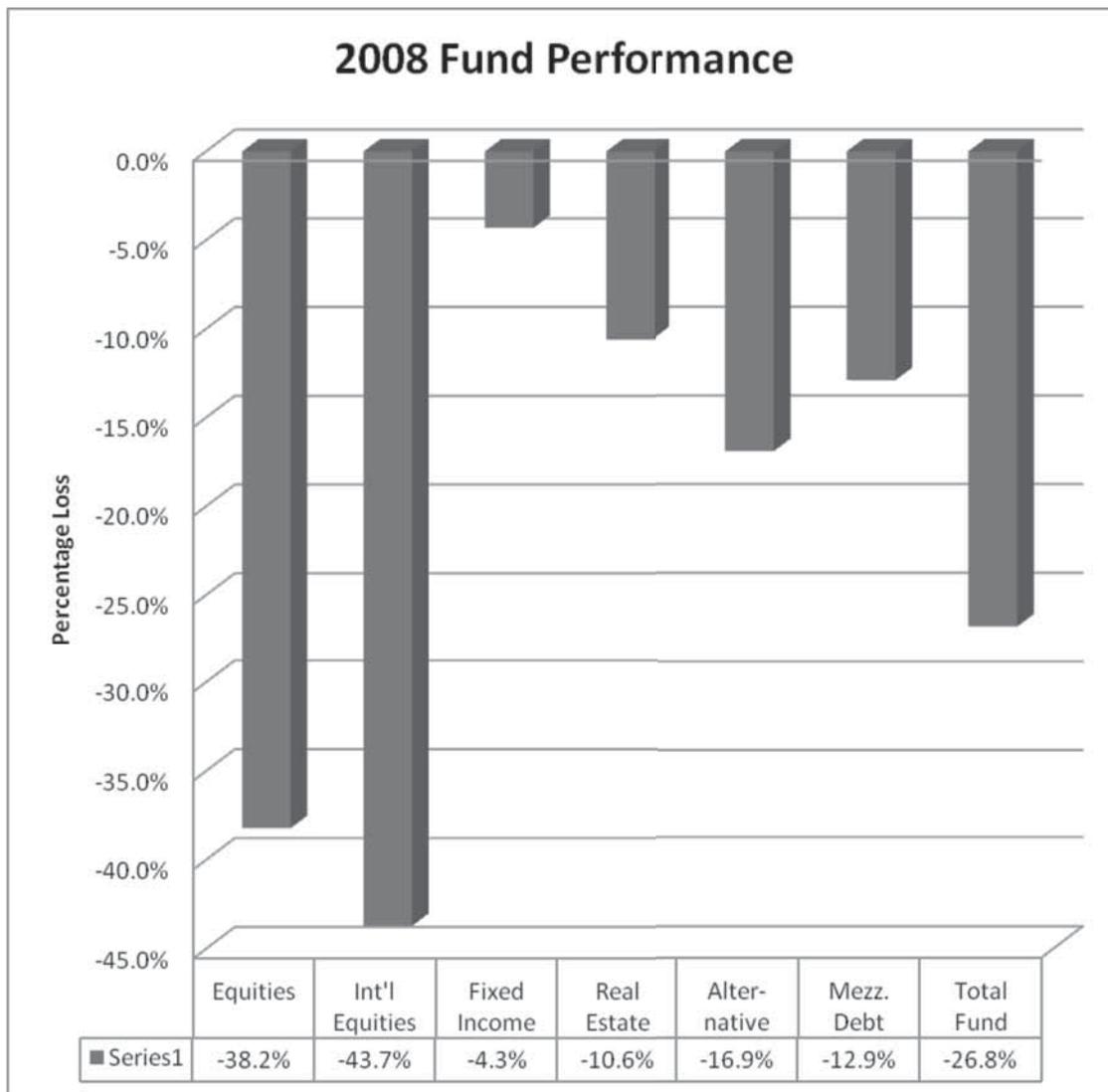
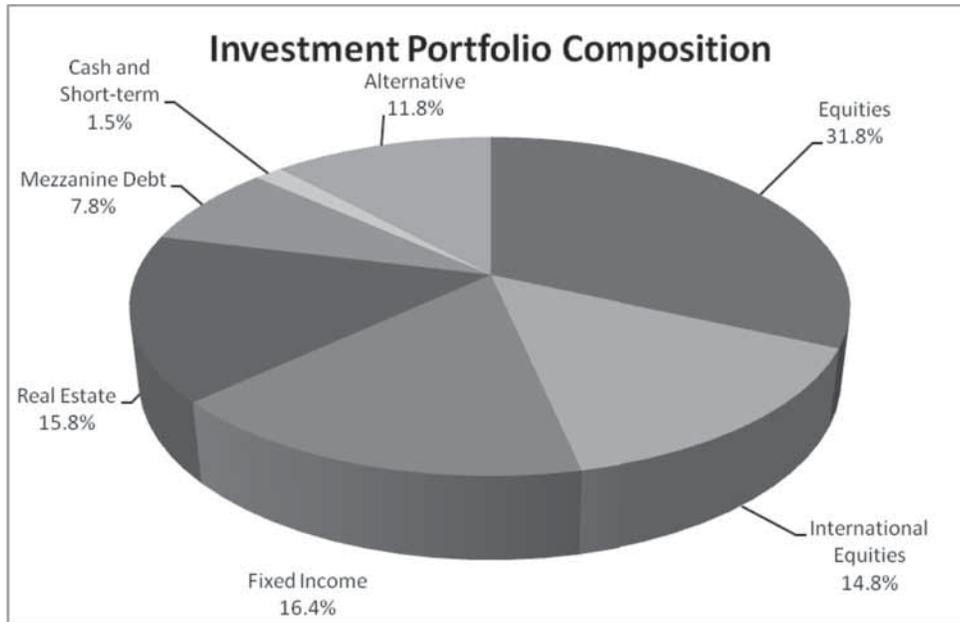
The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

Actuarial Value of Assets

The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation.

Actuarially Equivalent	Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.
Amortization Payment	That portion of the pension plan contribution that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability or (UAAL).
Entry Age Actuarial Cost Method	A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.
Normal Cost	That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.
Projected Benefits	Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.
Surplus Funding	The excess of the Actuarial Value of Assets over the Actuarial Accrued Liability.
Unaccrued Benefit	The excess of an individual's Projected Benefits over the Accrued Benefits as of a specified date.
Unfunded Actuarial Accrued Liability	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

STATISTICAL



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF REVENUES BY SOURCE**

Employer Contribution % *	Fiscal Year	Member Contributions	Employer Contribution **	Investment Income	Miscellaneous Income	Total
7.91	1980	\$ 9,166,162	\$ 10,470,335	\$ 16,284,473	\$ 846	\$ 35,921,816
8.54	1981	11,845,089	13,309,388	18,488,195	2,311	43,644,983
8.54	1982	12,465,220	14,790,039	21,106,414		48,361,673
8.54	1983	12,926,545	14,265,554	27,224,215	5,050	54,421,364
8.91	1984	14,076,607	15,961,211	30,543,443	67	60,581,328
8.91	1985	14,399,465	16,280,464	25,317,826		55,997,755
8.91	1986	15,164,105	16,758,439	33,081,706		65,004,250
8.91	1987	16,088,280	17,799,789	46,029,652	410	79,918,131
8.91	1988	16,701,142	18,521,365	36,397,481		71,619,988
8.91	1989	17,246,117	18,983,634	41,803,863	545	78,034,159
8.91	1990	20,405,149	21,810,612	27,725,284		69,941,045
8.91	1991	21,111,940	21,458,952	37,758,671		80,329,563
8.91	1992	21,564,881	25,117,924	41,792,730		88,475,535
8.91	1993	23,473,485	26,139,925	100,705,007	***	150,318,417
8.91	1994	24,764,862	26,704,211	3,670,356		55,139,429
8.91	1995	26,069,124	27,816,819	181,470,912		235,356,855
8.91	1996	25,835,147	28,372,760	118,399,056		172,606,963
8.91	1997	25,571,634	28,310,353	143,719,597		197,601,584
8.91	1998	27,311,815	30,554,650	168,477,507		226,343,972
8.03	1999	29,201,844	29,898,474	240,904,299		300,004,617
8.03	2000	30,962,052	30,956,217	(79,832,672)		(17,914,403)
8.03	2001	32,602,859	32,667,381	(93,021,798)		(27,751,558)
8.03	2002	39,388,249	36,599,830	(116,907,340)		(40,919,261)
8.03	2003	36,243,490	34,200,693	296,239,050		366,683,233
8.03	2004	37,192,591	36,819,271	177,211,711		251,223,573
8.03	2005	35,962,449	35,897,345	139,866,897		211,726,691
8.03	2006	38,228,475	38,077,976	251,934,917		328,241,368
8.03	2007	40,533,554	40,299,506	149,708,740		230,541,800
8.03	2008	45,986,139	45,961,040	(612,803,880)		(520,856,701)

* Employer Contributions reflected as a percentage of covered payroll.

** The employer contributions have been made in accordance with actuarial requirements.

*** Beginning with 1993, the investment income reflects unrealized gains (losses) required by GASB 25.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF EXPENSES BY TYPE**

Year	Benefits	Refunds	Administrative & Investment	Total
1980	\$ 17,584,611	\$ 1,786,654	\$ 331,600	\$ 19,702,865
1981	19,114,992	2,074,078	419,568	21,608,638
1982	21,358,214	2,151,528	458,261	23,968,003
1983	23,029,611	2,086,102	538,059	25,653,772
1984	25,175,469	3,366,999	737,445	29,279,913
1985	27,090,615	2,753,418	1,076,324	30,920,357
1986	28,777,844	3,212,415	1,340,874	33,331,133
1987	30,499,027	3,141,868	1,494,189	35,135,084
1988	32,093,902	3,293,088	1,408,946	36,795,936
1989	34,121,917	3,257,432	1,538,544	38,917,893
1990	36,431,265	3,592,483	1,636,911	41,660,659
1991	37,862,028	3,731,762	1,870,922	43,464,712
1992	38,884,790	3,585,672	2,109,340	44,579,802
1993	40,131,325	2,944,003	2,525,620	45,600,948
1994	42,420,358	3,412,882	2,639,538	48,472,778
1995	44,352,180	3,874,980	7,217,337	55,444,497
1996	46,257,605	3,888,043	7,989,200	58,134,848
1997	50,349,474	5,463,464	11,875,158	67,688,096
1998	56,247,811	7,502,444	12,145,939	75,896,194
1999	58,704,086	9,730,803	10,447,151	78,882,040
2000	62,844,355	11,641,902	10,634,557	85,120,814
2001	65,553,605	8,785,879	7,293,821	81,633,305
2002	68,825,558	12,019,852	7,250,214	88,095,624
2003	73,559,728	13,218,137	7,081,030	93,858,895
2004	77,289,288	9,791,692	7,188,848	94,269,828
2005	82,268,449	10,385,215	11,773,914	104,427,578
2006	87,583,509	10,553,067	10,715,425	108,852,001
2007	98,391,533	11,525,660	12,380,123	122,297,316
2008	102,703,230	10,223,415	8,188,287	121,114,932

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
BENEFIT EXPENSES BY TYPE
Ten Years Ending December 31, 2008

Year	Age & Service Retirants	Disability Benefits Survivors	Retirants Benefits	Death Benefit	Refunds	Total
1998	\$ 48,684,577	\$ 6,500,622	\$ 714,624	\$ 347,988	\$ 7,502,444	\$ 63,750,255
1999	50,902,672	6,821,887	698,527	281,000	9,730,803	68,434,889
2000	54,518,311	7,260,855	714,799	350,390	11,641,902	74,486,257
2001	57,122,024	7,486,988	672,593	272,000	8,785,879	74,339,484
2002	59,991,882	7,821,555	686,121	326,000	12,019,852	80,845,410
2003	64,301,813	8,215,109	714,806	328,000	13,218,137	86,777,865
2004	67,794,624	8,486,860	711,804	296,000	9,791,692	87,080,980
2005	72,390,702	8,754,471	785,276	338,000	10,351,215	92,653,664
2006	77,320,260	9,180,292	814,957	268,000	10,553,067	98,136,576
2007	87,019,040	10,230,265	864,228	278,000	11,525,660	109,917,193
2008	91,265,085	10,282,919	885,227	270,000	10,223,415	112,926,645

REVENUE RATIOS BY SOURCE
1973 Through 2008

Member Year	Employer Contributions	Investment Contributions	Total Income	Revenue
1973	26 %	32 %	42 %	100 %
1974	26	31	43	100
1975	26	31	43	100
1976	26	31	43	100
1977	25	29	46	100
1978	25	29	46	100
1979	27	30	43	100
1980	26	29	45	100
1981	27	31	42	100
1982	25	31	44	100
1983	24	26	50	100
1984	23	26	51	100
1985	26	29	45	100
1986	24	26	50	100
1987	20	22	58	100
1988	23	26	51	100
1989	22	24	54	100
1990	29	31	40	100
1991	26	27	47	100
1992	25	28	47	100
1993	* 16	17	67	100
1994	* 45	48	7	100
1995	** 11	12	77	100
1996	** 15	16	69	100
1997	13	14	73	100
1998	12	14	74	100
1999	10	10	80	100
2000			<i>Net Loss</i>	
2001			<i>Net Loss</i>	
2002			<i>Net Loss</i>	
2003	10	9	81	100
2004	15	15	70	100
2005	17	17	66	100
2006	12	12	76	100
2007	18	18	64	100
2008			<i>Net Loss</i>	

* Beginning with 1993, the investment income reflects unrealized gains (losses) required by GASB 25.

** Beginning with 1996 (and 1995 has been restated) investment income includes the gross income from Securities Lending as required by GASB 28.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RESULTS
Ten Years Ending December 31, 2008

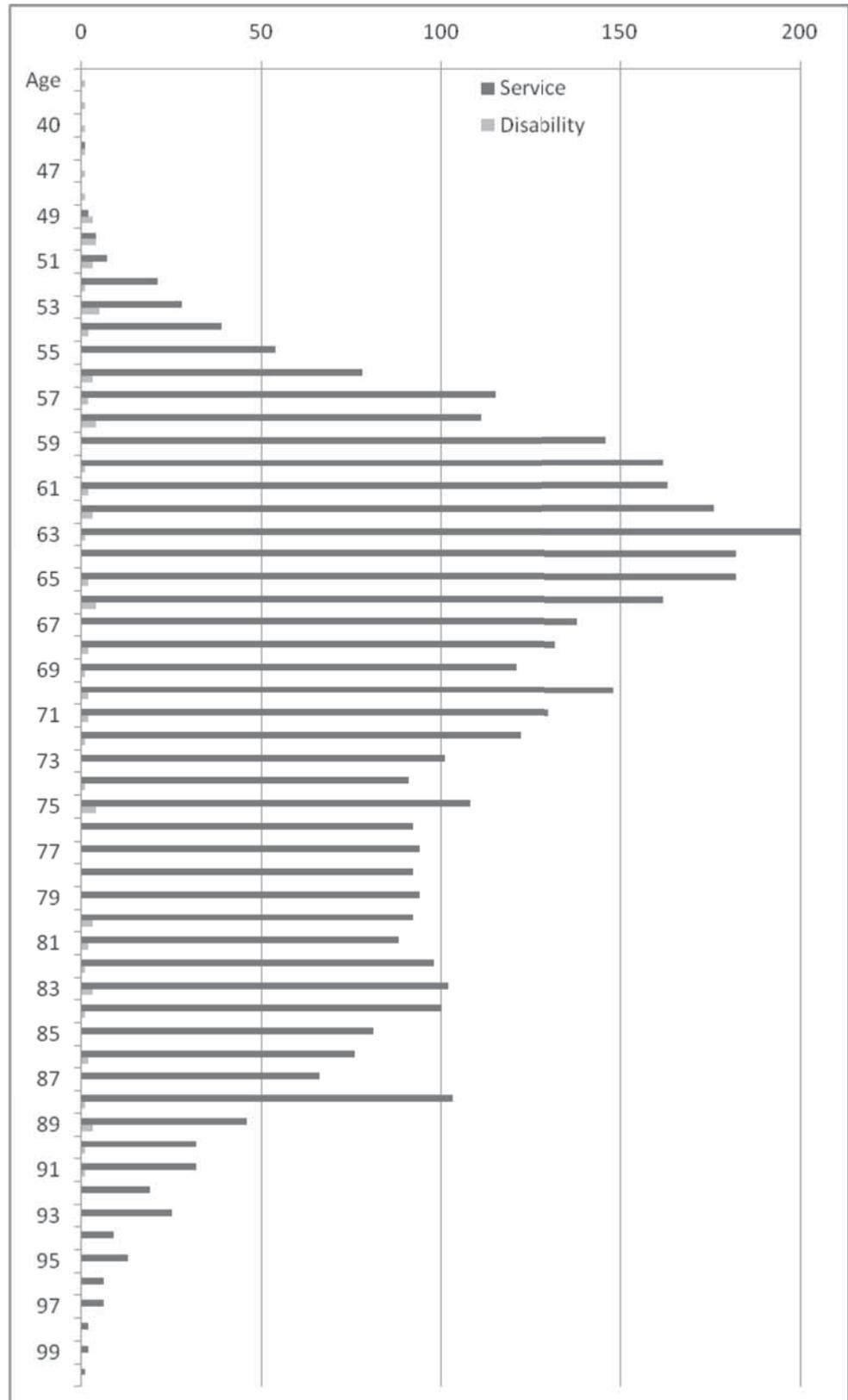
Year	Investment Income *	Investments Market Value	Securities Lending Collateral	Return on Market Value
1999	\$ 240,904,299	\$ 1,596,015,278	\$ 80,540,810	15.3%
2000	\$ (79,832,672)	\$ 1,484,124,485	\$ 80,511,612	(3.7)%
2001	\$ (93,021,798)	\$ 1,366,651,234	\$ 120,215,604	(6.0)%
2002	\$ (116,907,340)	\$ 1,245,668,385	\$ 133,817,297	(8.4)%
2003	\$ 296,239,050	\$ 1,517,907,621	\$ 148,226,605	23.6%
2004	\$ 177,211,711	\$ 1,664,178,577	\$ 239,087,447	11.5%
2005	\$ 139,866,897	\$ 1,777,219,827	\$ 122,862,720	8.1%
2006	\$ 251,934,917	\$ 1,986,714,717	\$ 145,097,240	13.9%
2007	\$ 149,708,740	\$ 2,106,345,982	\$ 103,323,467	7.3%
2008	\$ (612,803,880)	\$ 1,467,556,416	\$ 69,838,616	(40.0)%

* Investment Income includes market gains and losses, and gross income from Securities Lending.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM SERVICE AND DISABILITY PENSIONERS BY AGE As of December 31, 2008

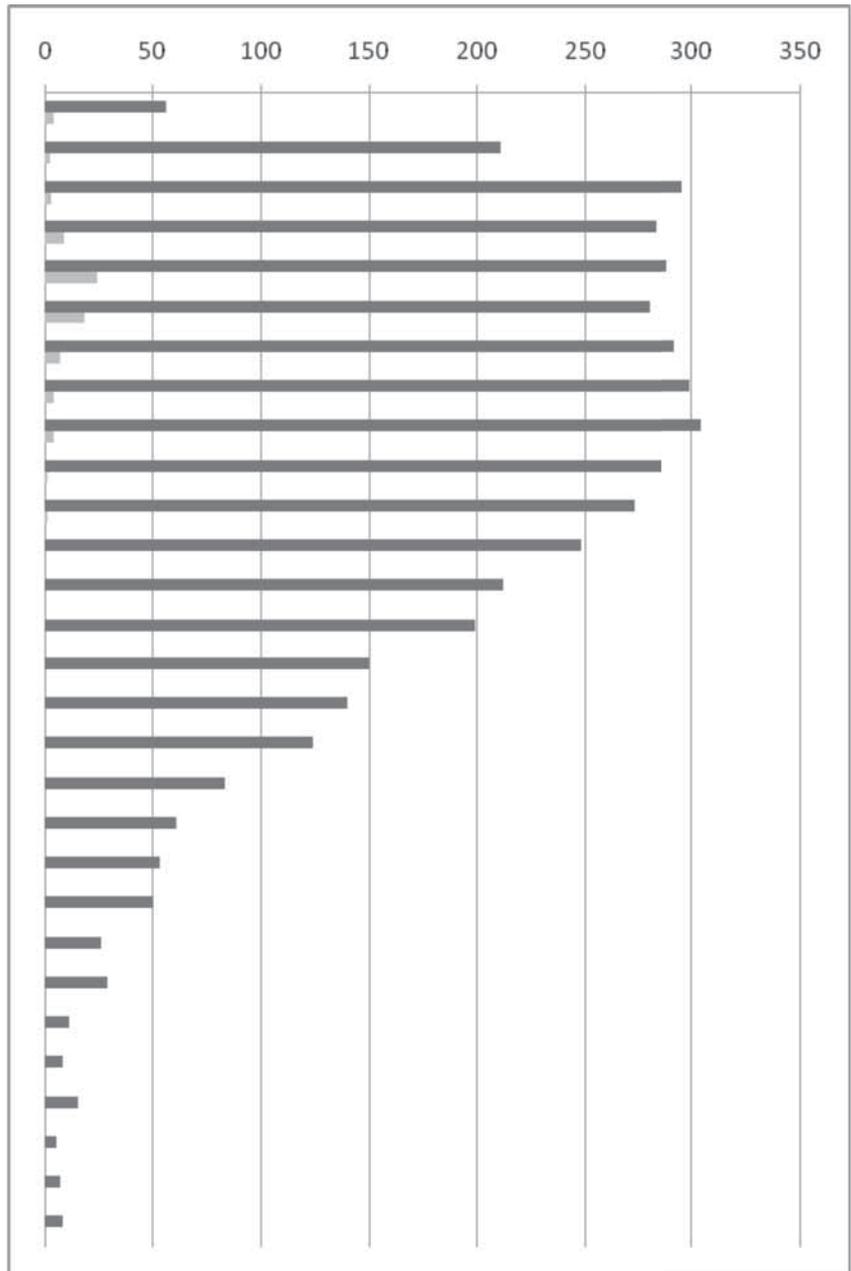
Age	Service	Disability
38		1
40		1
41		1
47	1	1
48		1
49		1
50	2	3
51	4	4
52	7	3
53	21	1
54	28	5
55	39	2
56	54	
57	78	3
58	115	2
59	111	4
60	146	
61	162	1
62	163	2
63	176	3
64	200	1
65	182	
66	182	2
67	162	4
68	138	
69	132	2
70	121	
71	148	2
72	130	2
73	122	1
74	101	
75	91	1
76	108	4
77	92	
78	94	
79	92	
80	94	
81	92	3
82	88	2
83	98	1
84	102	3
85	100	1
86	81	
87	76	2
88	66	
89	103	1
90	46	3
91	32	1
92	32	1
93	19	
94	25	
95	9	
96	13	
97	6	
98	6	
99	2	
100	2	
104	1	

4295 77



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT ALLOWANCE DISTRIBUTION
As of December 31, 2008**

\$	\$	Service	Disability
200	or less	56	4
201	- 400	211	2
401	- 600	295	3
601	- 800	283	9
801	- 1000	288	24
1001	- 1200	280	18
1201	- 1400	292	7
1401	- 1600	299	4
1601	- 1800	304	4
1801	- 2000	285	1
2001	- 2200	273	1
2201	- 2400	248	
2401	- 2600	212	
2601	- 2800	199	
2801	- 3000	150	
3001	- 3200	140	
3201	- 3400	124	
3401	- 3600	83	
3601	- 3800	61	
3801	- 4000	53	
4001	- 4200	50	
4201	- 4400	26	
4401	- 4600	29	
4601	- 4800	11	
4801	- 5000	8	
5001	- 5200	15	
5201	- 5400	5	
5401	- 5600	7	
over	5600	8	



SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
ACTIVE MEMBERSHIP EXPERIENCE
For the Last Thirty Years

Year	Members at End of Period	New Members During Period	Withdrawals During Period	Re-entering & Re-depositing	Deaths During Period	Pensions Granted During Period
1979	6,797	934	536	57	11	247
1980	6,894	901	631	67	12	228
1981	7,037	776	467	77	13	230
1982	6,972	555	439	73	14	240
1983	6,870	471	363	50	13	247
1984	6,710	531	522	57	16	210
1985	6,946	628	244	72	11	209
1986	7,020	570	382	77	11	180
1987	7,196	622	312	72	16	190
1988	7,252	542	361	45	10	160
1989	7,544	672	251	51	12	168
1990	7,813	872	454	45	12	182
1991	8,037	681	354	43	13	133
1992	8,171	463	220	32	17	124
1993	8,317	537	279	39	15	136
1994	8,553	512	201	133	16	192
1995	8,741	477	284	136	12	153
1996	8,584	339	270	13	12	227
1997	8,572	435	287	36	18	178
1998	8,743	557	236	29	9	170
1999	9,576	1,289	238	14	17	215
2000	9,836	876	393	17	13	227
2001	10,111	706	241	25	18	197
2002	9,737	426	503	16	12	301
2003	9,964	628	202	5	14	190
2004	10,222	636	123	4	8	251
2005	10,387	635	212	3	11	247
2006	10,493	710	325	15	16	278
2007	10,892	948	292	37	8	286
2008	11,057	833	340	83	9	187

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
COMPARATIVE STATEMENT OF EXPERIENCE OF SERVICE AND DISABILITY RETIREMENT PAYROLLS
From Inception in 1929, Through 2008
Figures Quoted as of the End of Each Fiscal Period

	Number Retired During Period			Number Deceased During Period		Pensions Discontinued			Benefit Cont' to Beneficiary Service	Number on Payroll at End of Period		
	Service	Sec. 19-b	Disability	Service	Disability	Service	Beneficiary	Disability		Service	Beneficiary	Disability
1929 - 1973 Inclusive	4,201	323	825	2,392	508	3	185	84	299	1,853	440	223
December 31, 1974	161	25	19	82	10		13		23	1,932	475	242
December 31, 1975	324	12	18	90	12		35		32	2,166	484	248
December 31, 1976	328	7	23	110	15		10		37	2,384	518	256
December 31, 1977	292	15	10	109	20		19		28	2,567	542	246
December 31, 1978	246	9	13	87	14		24		29	2,726	556	245
December 31, 1979	237	7	10	112	17		12		35	2,851	586	238
December 31, 1980	220	14	8	101	13		19		35	2,970	616	233
December 31, 1981	223	7	7	94	15		25		33	3,099	631	225
December 31, 1982	254	12	5	120	23		38		41	3,233	646	207
December 31, 1983	248	12	5	137	10		29		55	3,344	684	202
December 31, 1984	206	9	4	135	14		28		51	3,415	716	192
December 31, 1985	202	4	7	115	18		19	1	48	3,505	743	183
December 31, 1986	175	10	4	140	9		13		20	3,540	760	178
December 31, 1987	184	6	7	132	16		6		16	3,592	776	169
December 31, 1988	158	2	3	120	9		25		37	3,627	790	163
December 31, 1989	163	8	5	141	12		5		43	3,660	780	154
December 31, 1990	181	10	1	128	16		7		44	3,695	827	140
December 31, 1991	129		4	158	12		31		70	3,665	866	132
December 31, 1992	121		3	161	4		32		50	3,625	884	131
December 31, 1993	133	6	3	157	6		42		45	3,601	894	127
December 31, 1994	181	10	1	159	10		53		55	3,608	922	117
December 31, 1995	148	5	2	162	5		54		38	3,591	914	114
December 31, 1996	225	3	1	173	8		44		49	3,659	907	106
December 31, 1997	170	9	1	186	9		75		69	3,622	931	98
December 31, 1998	166	2	2	170	9	1	45		51	3,614	942	91
December 31, 1999	208	5	2	167	5		67		51	3,662	931	88
December 31, 2000	222	4	1	142	4		46		43	3,699	933	84
December 31, 2001	192	4	1	152	8		53		33	3,733	924	76
December 31, 2002	290	5	6	170	5		49		48	3,836	945	77
December 31, 2003	189	6	1	163	5		67		57	3,858	945	73
December 31, 2004	243	2	6	172	6		61		39	3,924	930	73
December 31, 2005	235	6	6	164	3		66		70	3,993	942	76
December 31, 2006	270	6	2	151	6		72		33	4,113	908	72
December 31, 2007	277	6	2	155	2		70		59	4,231	897	72
December 31, 2008	192	5	1	158	2		72		51	4,295	875	77
										Grand Total		5,247

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
EXPERIENCE IN MISCELLANEOUS AVERAGES
For the Last Thirty Years**

	AVERAGE SERVICE RETIREMENT ALLOWANCE	AVERAGE AGE OF SERVICE PENSIONERS	AVERAGE DISABILITY RETIREMENT ALLOWANCE	AVERAGE AGE OF DISABILITY PENSIONERS	ACTIVE MEMBERS DECEASED	
					# OF DEATHS	AVERAGE AGE
1979	394.91	69.59	260.89	64.96	11	49.04
1980	418.84	69.69	261.76	65.05	12	55.54
1981	441.69	69.86	267.88	65.12	13	49.31
1982	468.28	70.07	269.71	65.64	14	48.54
1983	501.76	70.18	272.98	66.55	13	52.54
1984	530.44	69.97	281.36	66.29	16	51.28
1985	556.72	70.26	290.71	66.22	11	53.66
1986	582.18	70.57	296.27	66.70	11	48.18
1987	608.43	70.80	314.43	66.60	16	49.13
1988	655.62	70.02	357.61	66.40	14	49.93
1989	664.36	71.45	343.74	66.53	12	49.17
1990	697.54	71.72	352.75	65.88	12	47.67
1991	757.07	72.19	378.41	66.61	13	57.77
1992	749.31	72.44	366.23	66.30	17	50.94
1993	775.72	73.42	394.13	67.80	15	53.00
1994	811.55	73.28	407.60	67.52	16	55.00
1995	850.50	73.45	431.19	67.78	12	53.67
1996	904.11	73.43	423.86	68.88	12	44.92
1997	961.30	73.29	448.15	68.12	18	54.72
1998 *	1,063.66	73.30	594.09	68.13	9	56.11
1999	1,114.34	73.10	609.19	68.25	17	55.24
2000	1,167.60	72.88	622.66	68.69	13	50.77
2001	1,222.42	72.70	654.53	67.84	18	51.39
2002	1,289.77	72.16	703.83	67.25	12	54.33
2003	1,338.49	72.14	734.85	66.78	14	53.14
2004	1,404.86	71.93	788.94	65.40	8	50.62
2005	1,477.58	71.78	827.46	65.15	11	53.18
2006	1,552.57	71.53	877.96	64.75	16	51.94
2007	1,768.13	71.42	1,010.15	65.53	8	53.13
2008	1,822.44	71.92	1,038.93	65.49	9	52.33

* Beginning in 1998 the average retirement allowance numbers include the monthly COLA amounts.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS**

Retirement Effective Dates	Years Credited Service					
	<u>0-10</u>	<u>11-15</u>	<u>16-20</u>	<u>21-25</u>	<u>26-30</u>	<u>31 +</u>
Jan. 1, 1999 to Dec. 31, 2008						
Period 1/1/99 to 12/31/99	416.73	881.13	1,320.71	1,493.61	2,236.30	2,173.93
Average Monthly Benefit \$	3,856.75	3,712.60	4,043.07	3,594.45	4,251.65	4,115.63
Average Final Salary \$	34	19	36	23	70	33
Number of Active Retirants						
Period 1/1/00 to 12/31/00						
Average Monthly Benefit \$	482.19	880.93	1,190.87	1,720.94	2,346.89	2,383.68
Average Final Salary \$	4,659.08	3,519.82	3,833.71	4,508.72	4,473.41	4,602.86
Number of Active Retirants	33	28	21	36	70	39
Period 1/1/01 to 12/31/01						
Average Monthly Benefit \$	478.66	837.60	1,349.54	1,719.53	2,369.43	2,374.36
Average Final Salary \$	4,756.88	3,715.90	4,241.27	4,121.40	4,654.58	4,544.36
Number of Active Retirants	30	23	25	30	65	24
Period 1/1/02 to 12/31/02						
Average Monthly Benefit \$	503.66	1,054.23	1,254.66	1,925.74	2,458.67	2,616.86
Average Final Salary \$	4,404.61	4,203.54	3,773.37	4,571.61	4,653.62	4,919.14
Number of Active Retirants	40	31	34	58	96	42
Period 1/1/03 to 12/31/03						
Average Monthly Benefit \$	496.91	1,034.44	1,432.09	1,744.45	2,579.91	2,628.56
Average Final Salary \$	3,782.43	4,261.52	4,669.55	4,653.31	4,901.87	4,953.21
Number of Active Retirants	32	23	22	41	39	39
Period 1/1/04 to 12/31/04						
Average Monthly Benefit \$	613.97	1,056.92	1,449.54	1,773.54	2,480.00	2,812.38
Average Final Salary \$	4,393.80	4,349.56	4,737.24	4,405.97	5,210.92	5,259.10
Number of Active Retirants	27	21	39	46	76	42
Period 1/1/05 to 12/31/05						
Average Monthly Benefit \$	674.26	1,137.59	1,706.94	2,270.53	2,653.34	2,807.79
Average Final Salary \$	4,928.96	4,733.59	4,915.39	5,423.36	5,164.89	4,973.41
Number of Active Retirants	30	27	33	55	65	37
Period 1/1/06 to 12/31/06						
Average Monthly Benefit \$	656.56	1,124.37	1,662.58	2,196.45	2,831.74	3,053.19
Average Final Salary \$	4,902.33	4,671.23	4,823.60	5,170.19	5,313.48	5,472.54
Number of Active Retirants	37	42	38	50	55	56
Period 1/1/07 to 12/31/07						
Average Monthly Benefit \$	658.92	1,406.25	1,650.87	2,132.89	2,814.90	3,129.50
Average Final Salary \$	5,017.90	5,992.08	4,865.08	5,096.68	5,414.43	5,412.96
Number of Active Retirants	53	36	37	54	61	44
Period 1/1/08 to 12/31/08						
Average Monthly Benefit \$	693.96	1,307.50	1,683.04	2,237.23	3,032.86	3,467.66
Average Final Salary \$	5,616.72	5,133.11	5,029.50	5,470.66	5,896.14	5,682.79
Number of Active Retirants	25	18	20	37	41	46
Period 1/1/99 to 12/31/08						
Average Monthly Benefit \$	614.03	1,160.19	1,548.53	2,040.12	2,693.06	2,930.85
Average Final Salary \$	4,720.96	4,763.52	4,687.68	4,970.25	5,222.19	5,239.02
Average Number of Active Retirants	35	28	32	49	62	44

**NEW MEMBERS IN THE RETIREMENT SYSTEM IN 2008
BY DEPARTMENT**

DEPARTMENT NAME	COUNT
Administration	1
Arts and Cultural Affairs	4
City Budget Office	2
City Employees Retirement	2
DoIT	16
Executive Departments	16
FFD	29
Finance	12
Fire	14
Human Services	45
Law	7
Legislative	14
Library	61
Municipal Court	25
Neighborhoods	14
Office of Housing	1
Parks	105
Personnel	29
Planning & Dev	32
Police	38
SCL	152
SDOT	106
Seattle Center	52
SPU	<u>56</u>
Total	833

**MEMBERS AGAIN IN THE RETIREMENT SYSTEM IN 2008
BY DEPARTMENT**

REDEPOSITING	
City Budget Office	1
Executive Administration	1
Fire Pension	1
Light	3
Police	1
	7
RE-ENTERING	
FFD	1
Fire	1
Leadership & Corporate Service	1
Aging and Disabilities Service	1
Parks	25
SCL	4
Personnel	2
Police	1
Seattle Center	23
SDOT	1
Planning & Development	2
Arts Commission	1
SPU	13
Total	76
	83

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
SERVICE RETIREMENTS GRANTED IN 2008**

Retiree	Dept Name	Position	Yrs	Days	Age
Adams, Carrie L	Fleets & Facilities	Janitorial CC	30	185	50
Allen, Rex M	SDOT	Civil Engineering, Sr.	23	53	56
Anderson, Harold S	ESD	Property Rehabilitation Specialist	6	358	58
Anderson, Kenneth B	Parks	Pool Maintenance Worker	20	3	55
Andrews, Don L	SDOT	Oil Rigger	21	114	60
Arora, Pushp L	Municipal Courts	Court Cashier	26	33	62
Bailey, Mattie J	City Light	Manager 2	30	38	58
Baker, Julie A	SPU	Proj Funds & Agreements Coord , Sr	29	122	58
Banks, Johnny Lee	SDOT	Maintenance Laborer, Sr. - Traffic	21	182	62
Barrow, Robin L	Police	Latent Print Examiner	27	181	53
Benedict, Charlene L	Library	Library Tech III	30	118	54
Bentson, Alan R	Library	Library Assoc IV	24	355	56
Berkbigler, Ruth M	Library	Coordinating Library Tech	26	83	66
Bernales, Leticia E	SDOT	Accountant	29	18	69
Bezona, Ellen Diane	Human Services	Human Svcs Program Supervisor, Sr.	7	159	66
Black, Helen A	Municipal Courts	Administrative Specialist I	23	242	58
Blattenberger, L Beth	City Light	Strategic Advisor 2	23	353	63
Bombardier-Haller, Jean	Human Services	Human Services Program Supervisor	22	294	62
Born, Brian Michael	City Light	Wastewater Treatment Pint Op	14	313	63
Boulton, E. Philip	City Light	Electr. Constr. - Wkg Crew Chief	30	209	57
Bramblett, Dwight L	City Light	Vested-Electrician Helper	24	337	52
Brannan, Barbara L	Fleets & Facilities	Real Property Agent, Sr.	26	54	58
Briggie, Howard F	City Light	Elect Engineering Specialist, Sr	30	243	62
Britt, Mary E	SDOT	Administrative Specialist III	29	246	58
Brown, Kathryn H	City Light	Accounting Technician II	30	335	82
Brown, Roger M	Vested-Engineering	Manager	10	248	61
Buchanan, Camille	Human Services	Training & Ed Coordinator, Sr	6	155	62
Buchanan, Roxanne O	DoIT	Information Technology Specialist	31	49	55
Burdin, Judy L	City Light	Manager 2 , Information Technology	23	332	56
Caldwell, William R	City Light	Civil Engineering Specialist, Sr	38	334	67
Campbell, Margaret M	Muni-court	Vested – Judge	7	113	65
Carey, Daniel J	City Light	Electric Service Representative, Sr	9	134	57
Carle, Deborah C	Police	Police Comms Dispatcher II	30	103	57
Carlin, John E	City Light	Power Analyst	20	316	65
Carlson, Katsuko Takemura	Library	Library Assoc III	21	360	70
Castor, David L	Parks	Vested-Dual Member	5	316	62
Chase, James A	SDOT	Signal Electrician 5	22	251	65
Chew, David E	SDOT	Manager 2, Engrn & Plans Rev	36	136	57
Chu, Adrienne A	DEA	Tax Auditor	32	308	60
Clore, Robert A	City Light	Meter Electn Wrkg CC	26	288	57
Concepcion, Antonia G	SPD	Vested-Police Data Technician	9	181	74
Conti, Georgia K	Human Service	Vested-Planning, Development Spec.	8	7	57
Coulson, Craig Neil	Fire	Info Technol Prof A. Exempt	29	59	54
Crouthamel, Kevin G	Parks	Planning & Dev Spec II	26	137	61
Dare, James W	SDOT	Executive 2	29	190	56
Dela Cruz, Augusto Bravo	SPU	Civil Engineer Spec. Assist. III	22	363	70
Dickinson, Cleofe N	Personnel	Accountant, Sr	35	0	67
Dickinson, Larry J	Municipal Courts	Info Tech Prof B	26	33	63
Dornfeld, Ernst G	Legislative	Strategic Advisor-Legislative	14	347	61

Retiree	Dept Name	Position	Yrs	Days	Age
Dubberly, Ronald A	Library	Vested- Librarian	11	160	66
Duffy , Terence X	K.C. Jail	Corrections Officer	36	258	82
Dunkel, Sandra I	SPU	Water Quality Analyst, Sr	17	240	70
Dunlap, Thomas E	Finance	Strategic Advisor 2	17	125	61
Effrig, Robert C	SDOT	Manager I	36	313	59
Erickson, Donald K	Community Devel	Assistant Urban Design Planner	9	199	66
Eskelin, John T	Neighborhoods	Planning & Dev Specialist II	20	102	62
Eulenberg, Michael	SPD	Vested-Princ Systems Analyst	6	255	68
Evans, Katherine D	Human Services	Project Fund & Agmts Coord	14	296	67
Ferrari, Mary E	DEA	Accountant	19	178	64
Fetty, Vivian L	Library	Librarian	20	15	62
Flynn, Marcia G	Parks	Sr. Property Agent	15	321	58
Flynn, Mary L	City Light	Elect Srv Rep. Sr.	29	329	56
French, Douglas	DCLU	Manager 2	17	4	73
Frye, Valerie H	Library	Managing Librarian I	22	297	55
Fujita, Laurence L	City Light	Power Dispatcher, Sr	33	311	55
Gentry, Donald W	DPD	IT Services	27	196	54
Gordon Jr., Robert W	City Light	Lineworker	31	211	64
Grant, William K	City Light	Hydro-Elec Maint Machinist	5	283	62
Greenlee, Julia H	City Light	Vested-Sr Public Relations Spec	10	318	66
Hall, Carolyn A	SDOT	Administrative Specialist III	28	360	59
Handfield, Hunter H	KC Health	Vested-VD Control Officer	10	25	65
Hanna, Dianne F	DoIT	Executive I	27	252	54
Harris, Johnny E	City Light	Executive 2	35	67	55
Hendrick, Ralph G	City Light	Elctn Constructor	9	124	56
Henzi, Bernadette M	Personnel	Vested-Sr Educ/Trng Coordinator	9	53	62
Hoffman, William A	ESD	Vested-Auto Mechanic	19	283	57
Homer, Mark B	City Light	Cable Splicer Helper-Network A.	29	75	60
Hoover Jr., James H	SPU	Water Pipe Worker, Sr.	40	76	74
Horner, Jr., Curtis G	K.C. Health	Environmental Health Spec. II	31	11	67
Horner, Kenneth E	DCLU	Elec Inspector, Sr	25	87	53
Houlihan, Patrick T	DCLU	Elevator Inspector Sr.	5	8	66
Hughes, Robert A	Finance	Sr. Systems Analyst	7	338	62
Humphrey, Lorraine J	City Light	Info Technology Prof	24	61	57
Ivanek, Joanne R	Neighborhoods	Admin Staff Analyst	29	226	66
Jeffries,Lorraine M	City Light	Elect Helper	21	354	59
Jones, Kris S.	Seattle Ctr	Comm Serv Aide	4	315	60
Karabach, Lesley A	City Light	Cable Splicer	26	118	54
Keegan, Kathleen A	SPU	Civil Engrng Specialist,Assoc.	30	300	58
Kerrigan, David J	Fleets & Facilities	Executive 2	23	93	59
Kindrick, Sandra L	SPU	Sr. Mat Cont	30	65	53
Kirkland, Susan L	Police	Administrative Spec I	21	51	52
Kordik, Robin Victoria	Parks	Capital Proj Coordinator	6	326	62
Kors, Jeannette R	K.C. Health	Public Health Nurse	27	325	56
Krabill, Judith L	ESD	Manager I	28	151	60
Kyte, Craig D	Library	Managing Librarian II	36	79	65
Lamb, Michael M	SPU	Truck Driver - Heavy	8	183	64
Lemay, Patrick E	Personnel	Strategic Advisor2	23	332	65
Leonard, Gloria J	Library	Executive 2	29	181	62
Lieser III, Ralph H	City Light	Electrician	30	1	50
Louie, Clifford J	Neighborhoods	Planning & Dev. Spec. II	11	186	60
Lutz, Jack T	SPU	Warehouser Senior	16	67	62

Retiree	Dept Name	Position	Yrs	Days	Age
MacInnes, Nicole K	Muni-Court	Vested-Judge	5	162	64
Malmquist, Susan K	Parks	Recreation Leader	6	339	64
Maloney, Colleen Frances	SPU	Utility Acts Supervisor	30	2.99	51
Marquette, Lee A	City Light	Lineworker	23	64	55
Martos, James R. C.	City Light	Elect Construct & Maint Supervisor	33	64	67
McCarthy, Walter T	Parks	Maintenance Laborer	27	275	65
McClister, Beverly Rebecca	City Light	Vested-Office Assistant	13	325	57
McCloud, Clifford A	Fleets & Facilities	Janitor	32	337	54
McInturff, Patricia L	Human Services	Executive 3	25	226	62
McLane, Laura J	Human Services	Administrative Specialist II	14	147	65
McLaughlin, John T	Seattle Center	Vested-Director	18	358	64
McLellan, Gregory E	Metro Transit	Instructor	38	109	63
Mecum, Edward T	City Light	Cablesplicer CC-Net Area	35	349	66
Metzdorf, Martin E	DoIT	Data Proc Systems Analyst	24	118	56
Miller, Keith W	SDOT	Civil Engrng Specialist Supervisor	32	212	54
Miller, Linda G	SDOT	Asphalt Raker	24	260	56
Miller, John W	SPU	Util Svr Inspector	34	322	64
Mingaud, Kenneth Paul	Law	Data Proc Systems Analyst, Sr	12	318	56
Miyazaki, Gerald N	DPD	Housing/Zoning Inspector Sr	31	211	57
Mohundro, James J	ESD	Com Dev Specialist, Sr	30	94	70
Moody, Paul E	City Light	Structural Painter	26	333	68
Moon-Jordan, Abigail	K.C. Health	Social Worker	17	213	64
Moore, Gary L.	City Light	Structural Iron / Crew Chief	35	282	64
Morgan, Meta M	Fire	Information Technology Technician	24	138	59
Morrison, Charles A	SDOT	Manager 2	26	307	54
Mueller, Susan Fuller	SDOT	Strategic Advisor 2	22	351	65
Myers, James A	City Light	CBLSP-CC (77)	27	188	53
Nardone, Gail A	SDOT	IT Programmer Analyst-Spec	25	121	61
Ngo, The Van	City Light	HVAC Tech	25	44	57
Nicholson, Jay A	Police	Police Comm Dispatcher I	10	15	60
Noahr, Gerald D	City Light	Painter	23	21	66
Parker, Michele P	Parks	Vested- Maintenance Lab	27	123	57
Pasin, Stanley J	SPU	Environmental Analyst	5	10	72
Patten, Thomas Leroy	City Light	Electrician Constructor	20	6	65
Patterson, Daniel S	SPU	Vested – Prin Video Prod Specialist	15	60	58
Peppard, David A	Police	Parking Enforcement Officer	11	237	58
Pioli, Paul L	Metro Transit	Revenue Coordinator	40	33	67
Placek, Kerry W	City Light	Cablesplicer CC	41	286	64
Puloka, Tevita N	SDOT	Const & Maint Equip Op	30	219	53
Quan, Jun B	Fleets & Facilities	Strategic Advisor 2	22	190	60
Rancourt, Teresa Ann	Community Devel	Vested- Sr Dev Fin Specialist	11	188	59
Reichelt, Gail M	Personnel	Accounting Technician II	22	205	54
Renggli, Elaine P	SPU	Civil Engineering Specialist, Asst I	8	297	62
Rennie, Carl A	Library	Lead Page	30	1	55
Richter, Virginia R	SPU	Utility Account Representative II	20	13	65
Rogers, Sharon M	City Light	Personnel Specialist	22	117	56
Roth, Richard H	Law	Administrative Staff Analyst	11	19	72
Ruby, Marie W	SPU	Manager 2	16	316	62
Ruen, Gary H	Fleets & Facilities	Plumber Crew Chief	18	323	64
Sampson, Mary A	DEA	Administrative Staff Analyst	15	84	59
Sanabria, Cristina Loyola	Personnel	Personnel Analyst	34	56	57
Santos, Thelma A	K.C. Health	Fiscal Specialist III	31	143	60

Retiree	Dept Name	Position	Yrs	Days	Age
Saven, John D	Legislative	Vested-Legislative Assistant	20	15	60
Saxby, Douglas G	City Light	Cablesplicer -Jrnwkr in charge	30	75	52
Schornack, Ray P	City Light	Power Structure Mechanic	39	229	76
Scott Jr., George	City Light	Electrical Helper	20	47	64
Shell, Charles W	SDOT	Strategic Advisor I	25	172	65
Shipley, Steven C	SPU	Info Technology Prof B	27	129	61
Shockey, Willard L	Fire	Info Technology Prof	16	302	64
Short, Victoria M G	City Light	Accounting Technician III	29	225	52
Shoshana, Judith R	Municipal Courts	Pro-Temp Magistrate Judge	10	76	60
Shunn, James C	SPU	Water Treatment Operator	13	196	66
Skaw , Martin L	Parks	Maintenance Laborer	26	128	52
Smart, Diane A	SDOT	Payroll Supervisor	14	332	65
Smith, Consuelo	Police	Police Data Tech	25	5	54
Smith, Randall L	Parks	Recreation Center Coordinator	35	55	62
Sonju, Marian L	Municipal Courts	Probation Counselor	15	12	64
Sullivan, John P	Police	Contract Employee	17	21	67
Sutherland, Mark A	City Light	Electrician-Con	32	273	53
Taylor, Rodney L	Parks	Maintenance Laborer	31	254	63
Thompson, Michael J	City Light	Safety & Health Specialist, Sr.	26	347	53
Tift, David M	DoIT	Computer Operations Supervisor	28	20	52
Tran, David	DEA	Manager 2, Fin Bud & Accounting	25	24	52
Trias, Fe A	SDOT	Administrative Specialist III	28	180	53
Turla, Buenaventura S	DEA	Accountant, Sr.	20	42	71
Tyson, Christy	Library	Branch Manager II	15	6	61
Van Tuyl, Joyce B	Library	Braille Program Coordinator	22	229	83
Vincent, Gerrone A	Parks	Vested - Zookeeper	15	236	57
Voris, Michael W	Metro Transit	Supervisor	0	336	66
Vranish, Robert D	City Light	Lineworker	33	102	63
Watson-Steele, Cheryl D	Library	Vested- Sr., Asst Manager Librarian	18	51	60
Werelus, Lois J	K.C. Health	Educator Consultant I	23	226	55
West, Barbara A	Human Services	Counselor	28	320	69
Wetter, Margaret Anne	Seattle Center	Executive II	30	5	51
White, Jeffrey A	City Light	Cable Splicer-JIC	37	302	63
White-Dade, Mildred	Human Services	Counselor	22	34	58
Wise, Noreen L	Municipal Courts	Administrative Specialist II	6	296	62
Woodworth, John T	City Light	Carpenter Crew Chief	26	109	69
Yates, Henry Alfred	DEA	Vested- InterGovt Affairs Coord	3	295	55
Yeager, Joanne Ellen	Police	Administrative Specialist I	17	44	62
Yesuwan, Kamol	SDOT	Civil Engineer, Associate	29	11	61
Total Service Retirements			187		

DISABILITY RETIREMENTS GRANTED IN 2008

Retiree	Dept Name	Position	Yrs	Days	Age
Ludwig, Monica	Parks	Laborer	12	73	40
Total Disability Retirements			1		

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
RETIRED MEMBERS DECEASED IN 2008**

Name	DeptName	Retired For	Date Retired	Date of Death	Age At Death
Ambrose, Lewis K	Light	Service	01/01/76	02/14/2008	97
Anderson, Edward B	Engineering	Service	01/01/78	07/25/2008	85
Andrews, Don L	SDOT	Service	01/24/08	07/23/2008	60
Anthony, Eda A	Water	Service	12/01/81	06/22/2008	89
Antoncich Jr., John L	Engineering	Service	11/01/94	11/24/2008	76
Banks, Isaac L	Model Cities	Service	08/01/88	02/22/2008	76
Battson, Glenn E	Building	Service	03/04/78	03/05/2008	91
Bazik, John S	Water	Service	03/01/82	04/02/2008	88
Beattie, William T		Service	09/01/82	08/16/2008	90
Berg, Mary C	Light	Service	07/01/87	07/14/2008	93
Black, Helen A	Municipal Courts	Service	03/01/08	10/03/2008	58
Blair, William G	Parks	Service	05/30/07	06/19/2008	69
Boyd, Carol D	Library	Service	01/01/87	11/22/2008	85
Brokaw, Ira E	Light	Service	07/08/86	10/26/2008	90
Buckner, Claude	Water	Service	01/01/77	01/16/2008	90
Carey, Alice M	Library	Service	05/01/69	12/30/2008	104
Carrington, William H	Engineering	Service	02/20/81	08/05/2008	85
Cavanaugh, Robert E	Health	Service	02/01/75	01/24/2008	88
Cheha, Anita M	Light	Service	12/01/86	01/12/2008	87
Chromy, Wenzel S	Light	Service	01/14/84	06/29/2008	86
Clanton, Willie R	Metro	Service	03/03/01	04/02/2008	64
Cockle, Francis W	Light	Service	05/01/81	06/06/2008	89
Colacarro, Michael A	Engineering	Service	01/01/77	06/09/2008	80
Couch, James P	DoIT	Service	08/04/99	04/29/2008	61
Curtin, John J	SPU	Service	05/18/02	11/27/2008	64
Daniels, Joe	Metro	Service	06/02/98	01/27/2008	73
Daniels, Rufus C	SEATLAN	Service	03/04/03	04/04/2008	72
Davis, Allen B	Parks	Service	01/01/81	09/12/2008	83
Dehnel, Robert H	DAS	Service	06/04/85	11/12/2008	86
Dell, June B	Treasury	Service	09/01/82	07/23/2008	88
Dietsch, Dorothy E	DAS	Service	08/01/92	04/14/2008	81
Diseth, Kenneth E	Transit	Service	09/27/75	11/28/2008	85
Dottle, Anthony E	Light	Service	03/01/89	01/23/2008	85
Eastman, June J	Police	Service	01/01/81	11/20/2008	91
Ellis, Theodore A	Library	Service	06/01/82	10/15/2008	92
Erickson, Ethel E	Transit	Service	08/01/79	06/19/2008	90
Eustis, Clifford C	Light	Service	01/03/79	08/26/2008	87
Ewing, William W	Water	Service	04/01/78	06/08/2008	89
Farr, Benjamin F	Engineering	Service	04/01/77	04/15/2008	84
Felty, Diane R	SDOT	Service	07/06/07	02/09/2008	71
Flavors, William E	SDOT	Service	12/29/06	02/06/2008	57
Fleck, Marion J	Police	Service	12/01/78	12/26/2008	82
Franckevitch, Peter M	Engineering	Service	03/01/88	07/30/2008	83
Fuller, John T	Light	Service	07/01/76	11/10/2008	91
Gallagher, Betty L	Health	Service	03/01/75	11/10/2008	90

Name	DeptName	Retired For	Date Retired	Date of Death	Age At Death
Getches, Meredith A	Hearing Examiners	Service	04/16/03	06/04/2008	63
Gourley, Elaine S	DCLU	Service	04/01/92	02/14/2008	83
Graczyk, Daniel C	Dual Member	Service	03/31/01	06/30/2008	61
Green, Naomi F	Parks	Service	01/01/77	04/29/2008	94
Green, Richard	ESD	Service	07/12/04	12/25/2008	56
Groom, Dorothy	Library	Service	07/01/79	07/09/2008	93
Gustafson, Harry G	Light	Service	01/01/76	11/13/2008	97
Hacker, Loren	Engineering	Service	05/01/75	03/10/2008	92
Hagg, Thelma M	Light	Disability	07/01/62	12/07/2008	91
Hall, Sigurd E	Light	Service	05/01/95	05/31/2008	77
Hamelberg, Eileen T	Library	Service	08/05/03	08/29/2008	67
Harada, Beverly J	Light	Service	04/01/95	06/27/2008	75
Hargrave, Mildred	Library	Service	03/01/83	03/01/2008	87
Hayashi, George M	Water	Service	03/01/79	07/29/2008	91
Heine, Albert V	Engineering	Service	06/01/89	01/13/2008	80
Helgerson, Roger D	Metro	Service	03/29/96	01/27/2008	73
Heron, Betty L	Health	Service	08/01/83	01/03/2008	86
Hintz, Robert F	Community Dev	Service	08/01/78	01/20/2008	93
Hodnett, Eric		Service	06/01/75	06/02/2008	95
Hood, Jacqueline R	Parks	Service	10/01/77	02/21/2008	90
Horner, Jr. Curtis G	K.C. Health	Service	04/03/08	05/07/2008	67
Hunt, John A	Engineering	Service	01/01/90	01/05/2008	85
Jaballas, Cedario L	SPU	Service	07/15/00	03/10/2008	77
Jackson, James L	Community Dev.	Service	01/01/87	05/06/2008	88
Jacobs, Paul B	Light	Service	01/01/76	03/16/2008	90
Jaeger, Phyllis A	Fire	Service	06/01/78	12/22/2008	87
Jensen, Christian S	Metro	Service	04/01/78	01/26/2008	85
Jorgenson, Wayne L	Water	Service	03/01/80	12/23/2008	89
Kane, Marilyn E	Health	Service	04/01/94	02/03/2008	71
Karch, Jonah L	Engineering	Service	09/01/85	05/30/2008	81
Kohoutek, Richard L	Light	Service	09/01/91	01/27/2008	75
Kosugi, Shozo	Engineering	Service	10/04/88	02/05/2008	84
Krist, Ruth B	Personnel	Service	10/01/82	02/28/2008	88
Krueger, LeAnn S	City Light	Service	02/05/01	07/25/2008	56
Langi, Solomon P	Seattle Center	Service	05/12/99	01/02/2008	79
Larson, F Glendora	Transit	Service	11/01/77	01/22/2008	93
Leggett, Carol E	Dual Member	Service	11/01/01	10/08/2008	66
Leggett, Mary A	Light	Service	03/01/88	01/23/2008	82
Licht, Donald W	Metro Transit	Service	12/25/98	02/12/2008	75
Lindlauf, Walter R	Parks	Service	11/01/80	09/23/2008	90
Logan, Robert P	Parks	Service	06/01/78	05/04/2008	85
Long, George D	Human Services	Service	11/07/01	02/23/2008	68
Louden, John V	Transit	Service	12/01/77	10/20/2008	92
Lunn, John A	Retirement	Service	02/17/82	08/25/2008	82
MacDonald, Emily	Light	Service	05/01/78	02/04/2008	91
Makasini, Ilaisa	SPU	Service	09/05/07	01/03/2008	65
Mandapat, Alfredo A	Light	Service	02/01/93	01/09/2009	77
Manos, George J	DAS	Service	11/01/81	04/23/2008	91

Name	DeptName	Retired For	Date Retired	Date of Death	Age At Death
Martin, Thomas	Engineering	Service	09/01/87	09/21/2008	73
Mathis, Beatrice	Beneficiary	Service	08/01/84	09/14/2008	86
Maus, Raymond L	Engineering	Service	07/02/75	04/02/2008	92
Maxwell, Albert W	Light	Service	02/01/79	11/05/2008	91
Mcguire, James J	Health	Service	05/01/89	09/18/2008	87
Mckenney, Gordon E	Parks	Service	08/01/81	06/22/2008	87
Mcquarrie, Douglas		Service	05/01/83	12/15/2008	90
Mendenhall, Stanley E	Park	Service	09/30/95	08/20/2008	77
Mercer, Mary	Public Empl Svcs	Service	01/01/81	07/11/2008	85
Miller, Fred	Building	Service	01/01/79	11/15/2008	91
Miller, Wilfred G	Parks	Service	02/01/89	05/01/2008	81
Morin, Lucille G	Health	Service	03/01/76	03/06/2008	95
Morris, Maxine C	Engineering	Service	09/01/82	07/04/2008	90
Motz Jr, Louis F	Light	Service	07/01/86	03/12/2008	79
Myron, Irene R	Muni Ct	Service	10/01/77	03/01/2008	92
Nelson, Charles G	Metro	Service	12/29/79	05/14/2008	93
Newton, Norman L	Engineering	Service	12/01/87	02/24/2008	79
Nilsen, Evelyn Mae	Health	Service	09/01/82	09/08/2008	88
Nowlin, Florence A	Muni Ct	Service	11/01/72	02/01/2008	90
Nyberg, Kenneth E	Dual Member	Service	01/01/00	11/18/2008	74
Omalanz, Walter	Light	Service	07/18/78	09/22/2008	90
Patterson, Donald F	General Services	Service	09/05/79	08/29/2008	87
Penner, Wesley	Engineering	Service	04/01/79	08/12/2008	88
Povick, Peter	Engineering	Service	01/03/87	08/08/2008	79
Preston, Lee G	Engineering	Service	05/04/90	11/05/2008	70
Puloka, Taniela	Parks	Service	09/10/96	02/02/2008	76
Reafs, Jerome E.	City Light	Service	11/06/97	12/16/2008	76
Ringland, Joe A	Metro	Service	02/01/92	06/09/2008	88
Roberson, Richard W	Fleets & Facilities	Service	10/16/04	05/22/2008	59
Rogers, Eilleen E	Health	Service	04/03/84	09/12/2008	88
Roper, Jack F	Light	Service	05/01/83	11/17/2008	93
Samuel, Blanche A	Light	Service	08/01/86	01/12/2008	87
Sandberg, Jessie E		Service	02/01/75	11/20/2008	86
Schwindt, Pete M	Water	Service	01/01/77	03/05/2008	88
Seaver, Lyston E	Light	Service	04/01/76	01/12/2008	94
Sharp, Neil	License & Consumer	Service	08/01/80	02/12/2008	89
Silvernale, Richard J	Light	Service	08/01/86	07/07/2008	78
Simpson, Gerald W	DAS	Service	06/01/82	06/08/2008	92
Sing, Sharon L	K.C. Health	Service	09/01/02	10/25/2008	69
Smedsrud, Arne W	DAS	Service	01/11/86	08/12/2008	86
Smith, Mardell R	Light	Service	01/01/82	06/02/2008	93
Smith, William E	Engineering	Service	06/01/84	12/14/2008	86
Spencer, John H	Parks	Service	09/01/90	05/09/2008	79
Stalin, Elinor A	Personnel	Service	04/01/78	01/20/2008	94
Stevens, Madeline J	City Light	Service	09/05/07	04/21/2008	62
Stribley, William C	Light	Service	04/01/86	03/13/2008	86
Tangen, Carl R	Engineering	Service	03/04/97	01/19/2008	69
Teller, Russell G	LC&A	Service	06/12/86	07/10/2008	84

Name	DeptName	Retired For	Date Retired	Date of Death	Age At Death
Thomas, Don	Engineering	Service	05/01/78	01/25/2008	87
Toennesen, M J	Light	Service	04/15/76	12/26/2008	87
Tull, Rosemary L	DAS	Service	10/02/96	03/19/2008	78
Vance, Norwood R	DCLU	Service	05/01/89	11/16/2008	77
Vellinga, Jeannette	LC&A	Disability	08/01/87	06/11/2008	76
Walker, Edwin J	Parks	Service	05/06/00	04/24/2008	74
Watkins, Martin E	DAS	Service	09/01/80	03/02/2008	87
Weeks, Viola D	Water	Service	03/01/78	05/03/2008	89
Wibe, Clifford M	Metro	Service	07/01/79	06/05/2008	86
Williams, Jack D	Engineering	Service	07/01/92	04/03/2008	74
Williams, Jeanette	Legislative	Service	04/01/77	10/24/2008	94
Williams, Virginia E	Personnel	Service	07/01/81	03/09/2008	89
Willis, Louise R	Library	Service	10/01/78	03/12/2008	94
Wineinger, Raymond	Parks	Service	05/01/78	08/13/2008	86
Wise, Don Q	Light	Service	09/11/76	03/26/2008	83
Withey, Robert J	Metro	Service	11/01/89	09/15/2008	83
Withrow, Jack W	Personnel	Service	05/01/77	04/09/2008	85
Wold, Alice D	Parks	Service	03/01/83	09/04/2008	88
Yeager, Maurice A	Light	Service	12/01/84	12/09/2008	89
Average Age of Deceased Pensioner					82.80
Average Age of Deceased Disability Pensioner					83.50
Number of Service Pensioners Deceased					158
Number of Disability Pensioners Deceased					2
Death Benefits for Deceased Retirees					260,000.00
Refunds Under Option "A"					31,962.64
Refunds Under Disability					0

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
DEATHS IN ACTIVE SERVICE DURING 2008**

Name	Position	Department	Age
Fullerton, Deborah	Administrative Spec III-BU	SEATRAN	51
Khazak, Lyudmila A	Interpreter	KC Health	60
Kuthy, Carol Louise	Pntr CC	FFD	51
Lyonais, Loretta A	Util Laborer	SCL	60
Sevilles Jr., Stanley G	D&W Lead Wkr CII	DW	36
Simon, Anthony R	Parks Maintenance Aide	PARKS	46
Vieg, Susan M	Wtr Syst Op	SPU	57
Wong, Victoria	Util Act Rep II	SPU	46
Yokoyama, Glenn A	Usher *	Seattle Center	64
		Count	9
		Average Age	52.33

DEATH BENEFIT SYSTEM
For The Year Ended December 31, 2008

All active members and those retired members who so elect are covered by the Death Benefit System. The Death Benefit System is similar to a life insurance policy and pays \$2,000 to the beneficiary of an active or retired member.

The annual premium for each member is \$12, with the City matching this amount. Any additional funds needed to fund the Death Benefit System come from the undistributed earnings of the Retirement System.

There were 5 payouts for deaths in active service and 130 claims from retired employees - a total of 135 claims. This compares with 6 deaths in active service in 2007, and 118 claims from retired employees - a total of 124. The claims totaled \$270,000 in 2008, and \$278,000 in 2007.

Income from active and retired employees was		\$ 147,516
Income from Employers:		
Seattle City Light	\$ 31,158	
General Fund	34,014	
Engineering	12,948	
Seattle Parks Department	15,972	
Seattle Public Utilities	21,042	
Administrative Services	5,316	
Library	9,390	
Seattle Center	5,796	
Planning and Development	6,060	
Metro Transit Fund	2,064	
Employees' Retirement System	264	
King County Health & Custodial	<u>3,480</u>	
Total from Employer Funds		\$ 147,504
Total paid into Death Benefit Reserve		\$ 295,020
Transfer from Undistributed Investment Earnings		\$ 25,020
		\$ <u>270,000</u>
<u>Less: Death Benefit Claims - 2008</u>		\$ (270,000)
Death Benefit Reserve Balance December 31, 2008		\$ 0

UNUSED SICK LEAVE

At the time of retirement, members may elect to receive a cash payment equal to 25% of the monetary value of their "unused sick leave." The monetary value is developed by multiplying the number of hours of unused sick leave by the hourly rate, and is calculated and paid to the employee by the employing department when the person retires immediately following employment. Vested members retiring at a future date do not receive a sick leave payout.

The member may elect to write a check payable to the City, and deliver it to the Retirement System, for the amount of the sick leave payout, and this amount will be placed in an account to be used to pay health care premiums for self and spouse. Since the health care premiums are paid from the Health Care Fund, these funds do not accrue interest. If the retiree dies before the credit is exhausted, the surviving spouse may use the remaining credit to pay for health care coverage.

In the event of the death of an active employee eligible for sick leave benefits, the employing department will pay the beneficiary an amount equal to 25% of said employees' accumulated unused sick leave.

Of the 192 service retirements during 2008, there were no retirees that deposited the value of their sick leave payout to an account that will be used to pay their medical premiums.

RETIREMENT ESTIMATE INFORMATION Percentage of Average Salary

Years of Retirement Credit

Years of Retirement Credit

		Age															
	Any	52	53	54	55	56	57	58	59	60	61	62	63	64	65		
30	60	60.0	60.0	60.0	60.0	60.0	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	30	
29		58.0	58.0	58.0	58.0	58.0	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	29	
28		56.0	56.0	56.0	56.0	56.0	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	28	
27		51.3	54.0	54.0	54.0	54.0	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	27	
26		46.8	49.4	52.0	52.0	52.0	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	26	
25		42.5	45.0	47.5	50.0	50.0	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	25	
24		38.4	40.8	43.2	45.6	48.0	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	24	
23		34.5	36.8	39.1	41.4	43.7	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	23	
22		30.8	33.0	35.2	37.4	39.6	41.80	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44.00	22	
21		27.3	29.4	31.5	33.6	35.7	37.80	39.90	42.00	42.00	42.00	42.00	42.00	42.00	42.00	21	
20		24.0	26.0	28.0	30.0	32.0	34.00	36.00	38.00	40.00	40.00	40.00	40.00	40.00	40.00	20	
19							28.88	30.02	31.16	32.30	33.44	34.58	35.72	36.86	38	19	
18							27.36	28.44	29.52	30.60	31.68	32.76	33.84	34.92	36	18	
17							25.84	26.86	27.88	28.90	29.92	30.94	31.96	32.98	34	17	
16							24.32	25.28	26.24	27.20	28.16	29.12	30.08	31.04	32	16	
15							22.80	23.70	24.60	25.50	26.40	27.30	28.20	29.10	30	15	
14							21.28	22.12	22.96	23.80	24.64	25.48	26.32	27.16	28	14	
13							19.76	20.54	21.32	22.10	22.88	23.66	24.44	25.22	26	13	
12		Not Eligible To Retire						18.24	18.96	19.68	20.40	21.12	21.84	22.56	23.28	24	12
11							16.72	17.38	18.04	18.70	19.36	20.02	20.68	21.34	22	11	
10							15.20	15.80	16.40	17.00	17.60	18.20	18.80	19.40	20	10	
9												16.38	16.92	17.46	18	9	
8												14.56	15.04	15.52	16	8	
7												12.74	13.16	13.58	14	7	
6												10.92	11.28	11.64	12	6	
5												9.10	9.40	9.70	10	5	

Identify percentage factor above that applies to your age and years of service.

Percentages increase with each day of service.

Maximum percentage factor = 60% with 30 years of retirement credit.

Average Salary = Average of Highest Consecutive 24 months.

If expected retirement date is 2 years or more from now, use today's salary as estimated Final Average Salary.

Eligibility for Retirement

5 to 9 years of service - and are age 62 or older

10 to 19 years of service - and are age 57 or older

20 to 29 years of service - and are age 52 or older

30 years of service - any age

Example: 22 years of credit, age 56, and final average salary is \$2,500

$$\begin{array}{rcccl}
 \underline{\$ 2,500} & & \underline{39.6\%} & & \underline{\$ 990} \\
 \text{Final Average Salary} & \times & \text{percentage factor from table} & = & \text{Estimated Un-modified} \\
 & & \text{based on age and years of credit} & & \text{Monthly Amount}
 \end{array}$$

Note: This form is only intended to provide a general profile of how an estimated pension amount is calculated. Any unpaid leave during your career is not counted towards retirement credit