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RESOLUTION 31475

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A RESOLUTION approving interest rates set by the Seattle City Employees' Retirement System (SCERS) Board of Administration for 2014.

WHEREAS, SCERS currently pays interest on employee contributions at an annual rate of 5.75% (compounded annually) for contributions made before December 31, 2011, and 3.31% (also compounded annually) for employee contributions made after that date; and

WHEREAS, Seattle Municipal Code section 4.36.140 gives the SCERS Board of Administration the power to "[m]ake any necessary changes in the rate of interest" and further provides that "[n]othing in this section shall be construed to limit the right of the Board, subject to approval of the City Council, to make changes in rates of interest whenever the Board deems it necessary or advisable"; and

WHEREAS, the SCERS Board of Administration, at its July 11, 2013 meeting, voted to adjust the annual interest rate for 2014 on all contributions received after December 31, 2011 to 2.91% (compounded annually); and

WHEREAS, the SCERS Board intends to review and adjust this rate annually, based on market conditions; NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE THAT:

Section 1. The City Council approves the 2014 credit interest rate adopted by the SCERS Board of Administration of 2.91 percent (compounded annually) on all member contributions received after December 31, 2011. Member contributions received on or before December 31, 2011, will continue to accrue credit interest at a rate of 5.75 percent (also compounded annually). These rates will apply at the beginning of the first full pay period of 2014.

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Adopted by the City Council the ____ day of _____, 2013, and signed
by me in open session in authentication of its adoption this _____ day
of _____, 2013.

President _____ of the City Council

Filed by me this ____ day of _____, 2013.

Monica Martinez Simmons, City Clerk

(Seal)

2012 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Legislative	John McCoy 5-0768	Jessica Wang 5-1759

Legislation Title: A RESOLUTION approving interest rates set by the Seattle City Employees' Retirement System (SCERS) Board of Administration for 2014.

Summary of the Legislation:

Per Seattle Municipal Code 4.36.140.A.1, this resolution provides City Council approval of the 2014 interest rates on member contributions set by the SCERS Board of Administration.

Background:

Under the policy enacted by the SCERS Board, in 2014, contributions received on or before December 31, 2011 will earn 5.75% annual interest, compounded annually. Contributions received after that date will earn 2.91% interest, also compounded annually. The Board will review and adjust the interest rates annually, based on market conditions.

Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

This legislation has no direct financial implications for City appropriations, revenues, or positions. However, the new interest rates for 2014 will grow member contribution balances a bit more slowly than the older rates, lowering the Retirement Fund's costs and incrementally lowering the system's normal cost. These impacts are estimated along with other factors in the retirement system's periodic actuarial valuations.