

FISCAL NOTE FOR NON-CAPITAL PROJECTS

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Legislation Title: A RESOLUTION approving interest rates set by the Seattle City Employees' Retirement System (SCERS) Board of Administration for 2015.

Summary of the Legislation:

Per Seattle Municipal Code 4.36.140.A.1, this resolution provides City Council approval of the 2015 interest rates on member contributions set by the SCERS Board of Administration.

Background:

Under the policy enacted by the SCERS Board, in 2015, contributions received on or before December 31, 2011 will earn 5.75% annual interest, compounded annually. Contributions received after that date will earn 3.66% 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.
(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

This legislation has financial implications.
(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

This legislation has no direct financial implications for City appropriations, revenues, or positions. However, the new interest rates for 2015 will grow member contribution balances a bit more slowly than the historical average, 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.

b) What is the financial cost of not implementing the legislation?

The proposed change reflects a small increase in market interest rates in the last year. Not implementing the legislation would leave the rate at the lower 2014 level, resulting in lower costs for the retirement fund and reduced benefits for members.

c) Does this legislation affect any departments besides the originating department?

The legislation affects all SCERS members, who are employed across the City.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

Per SMC 4.36.140, Board-approved changes to the credit interest rate are subject to approval by the Council. Historically this has been accomplished through a resolution like the one proposed.

e) Is a public hearing required for this legislation?

No

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

g) Does this legislation affect a piece of property?

No

h) Other Issues:

None

List attachments to the fiscal note below: