

Firefighters' Pension

Steve Brown, Executive Secretary

Department Information Line: (206) 625-4355

On the Web at: <http://www.seattle.gov/firepension/>



Department Overview

The Firefighters' Pension Fund provides responsive benefit services to eligible active and retired firefighters. Firefighters eligible for these services are those who, as a result of being hired before October 1, 1977, are members of the Law Enforcement Officers and Fire Fighters Retirement System Plan I (LEOFF I), and those who are pre-LEOFF, that is, those hired before March 1, 1970, the effective date of the Washington Law Enforcement Officers' and Fire Fighters' Retirement System Act. The City of Seattle Firefighters' Pension Fund is responsible for all pre-LEOFF pension benefits and for that portion of the previous municipal firefighter pension benefits that exceed LEOFF Plan I entitlements, including the pension benefits of their lawful beneficiaries, as well as for all medical benefits provided to qualifying active and retired Seattle firefighters. Both the Seattle Firefighters' Pension Fund and the LEOFF Plan I are closed systems and have not accepted new enrollments since October 1, 1977. Seattle firefighters hired after this date are automatically enrolled in the State's LEOFF Plan II, for which the Seattle Firefighters' Pension Fund has no pension or medical benefit obligation.

The Seattle Firefighters' Pension Board is a five-member quasi-judicial body chaired by the Mayor of Seattle or his/her designee, which formulates policy, rules upon disability applications, and provides oversight of the Firefighters' Pension Fund. Four staff employees of the Board handle all of its operational functions. Staff positions associated with Firefighters' Pension Fund are not reflected in the City's position list.

The projections of annual pension and medical benefits, which comprise about 97% of the total annual budget, are based on the forecasts of an independent actuary. The Firefighters' Pension Fund has two statutory funding sources. The first is a component of the City's property tax levy. These revenues are placed in the City's General Fund, which funds the Fire Pension Fund's annual budget. The second statutory funding source is the State Fire Insurance Premium Tax. These statutory funding sources are in addition to other smaller funding sources that support the Firefighters' Pension Fund obligations.

The Firefighters' Pension Fund includes two funds: the Fire Pension Fund, which pays current pension, medical, and death benefits; and the Actuarial Account, which was established by Ordinance 117216 in 1994, and which was designed to pay future pension liabilities of the Fund.

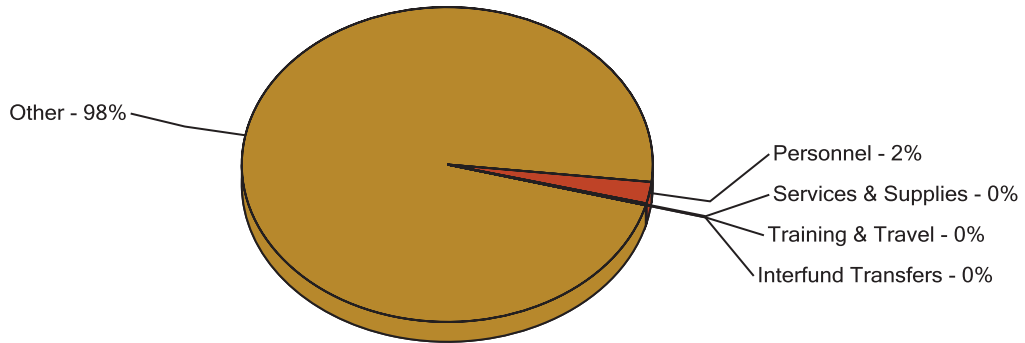
Firefighters' Pension

Budget Snapshot

Department Support	2011 Actual	2012 Adopted	2013 Adopted	2014 Endorsed
General Fund Support	\$18,748,722	\$18,874,973	\$18,272,658	\$18,060,246
Other Funding - Operating	\$906,236	\$1,313,825	\$1,744,101	\$1,769,022
Total Operations	\$19,654,958	\$20,188,797	\$20,016,758	\$19,829,268
Total Appropriations	\$19,654,958	\$20,188,797	\$20,016,758	\$19,829,268
Full-time Equivalent Total*	4.00	4.00	4.00	4.00

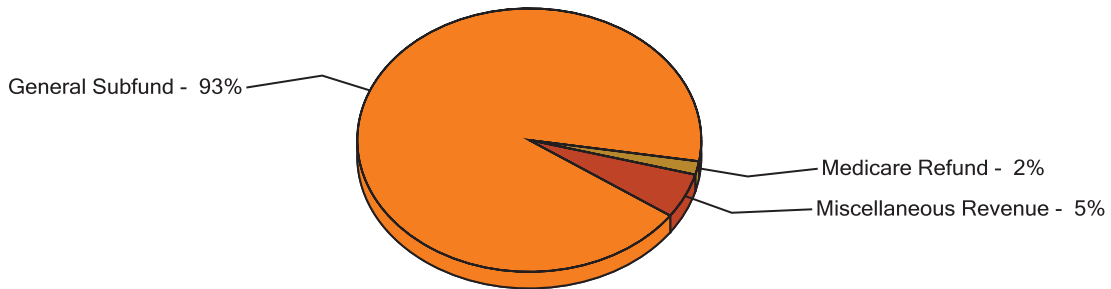
** FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.*

2013 Adopted Budget - Expenditure by Category



Firefighters' Pension

2013 Adopted Budget - Revenue by Category



Budget Overview

The Firefighters' Pension Fund (FPEN) receives almost all of its revenue from the City's General Fund. FPEN expenditures, in turn, are devoted to paying legally mandated pension and medical benefits to eligible active and retired firefighters and (in the case of pension benefits only) their qualified beneficiaries.

The amount of General Fund support required for FPEN in 2013 is about \$600,000 less than in the 2012 Adopted Budget. Current projections suggest that the General Fund contribution to the fund can drop by \$800,000 in 2014 relative to the 2012 Adopted Budget. There are three main dynamics that impact the levels of General Fund support required in the 2013 Adopted and 2014 Endorsed budgets.

- First, the recently completed labor negotiations with Local 27, the Seattle Fire Fighters union, lowers the total pension cost growth for current retirees. The key aspect here is the difference between the locally negotiated growth rates and the growth rate in LEOFF I entitlement payments made by the State. The net impact for 2013 is a small decline in total pension obligations covered by the City.
- Second, updated revenue estimates between 2011 and 2014 bring in additional non-General Fund revenue for FPEN, primarily related to refunds from Medicare drug subsidies.
- Third, updated estimates for administrative spending in 2012 are below 2012 Adopted Budget levels. This savings in 2012 results in fund balances that can be used to support spending in 2013 and 2014, reducing the need for General Fund support.

In response to General Fund deficits, in each year since 2009 the City has deferred voluntary contributions to the Actuarial Account in FPEN via Ordinance 122859 and Ordinance 123459. The 2013 Adopted and 2014 Endorsed budgets continue that deferral. Contributions to the Actuarial Account are assumed to remain suspended through 2016 continuing the recent practice of funding FPEN on a pay as you go basis. Previous contribution levels to the Actuarial Account were designed to fully fund, by the end of 2023, all future

Firefighters' Pension

anticipated pension costs that will be borne by the Fire Pension Fund, in accordance with Ordinance 117216. Deferrals of payments between 2009 and 2014 necessitate either substantially increased payments in years 2015-2023, an extension of the time required for the fund to reach full funding, or simply funding these obligations on a pay-as-you-go basis as is the current practice. In any case, the City will continue to meet its pension liabilities.

City Council Changes to Proposed Budget

There were no changes made to the 2013-2014 Proposed Budget.

Incremental Budget Changes

Firefighters' Pension

	2013		2014	
	Budget	FTE	Budget	FTE
Total 2012 Adopted Budget	\$ 20,188,797	4.00	\$ 20,188,797	4.00
Baseline Changes				
Citywide Adjustments for Standard Cost Changes	\$ 16,858	0.00	\$ 29,367	0.00
Restore Actuarial Account Funding	\$ 5,000,000	0.00	\$ 5,000,000	0.00
Proposed Policy Changes				
Continue Temporary Suspension of Actuarial Account Funding	-\$ 5,188,897	0.00	-\$ 5,388,897	0.00
Total Incremental Changes	-\$ 172,039	0.00	-\$ 359,530	0.00
2013 Adopted/2014 Endorsed Budget	\$ 20,016,758	4.00	\$ 19,829,268	4.00

Descriptions of Incremental Budget Changes

Baseline Changes

Citywide Adjustments for Standard Cost Changes - \$16,858

Citywide technical adjustments made in the "Baseline Phase" reflect changes due to inflation, central cost allocations, retirement, health care, workers' compensation, and employment costs. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

Restore Actuarial Account Funding - \$5,000,000

This adjustment restores funding to the Actuarial Account. Funding of the Actuarial Account was temporarily suspended in 2009-2012 and was assumed to resume in the initial development of the 2013-2014 baseline funding levels. This amount was the estimated level of funding required as of the "Baseline Phase". As described below in a separate adjustment, the suspension of Actuarial Account funding is continued in the 2013 Adopted and 2014 Endorsed budgets.

Firefighters' Pension

Proposed Policy Changes

Continue Temporary Suspension of Actuarial Account Funding - (\$5,188,897)

In 2009-2012, the City temporarily deferred voluntary planned contributions to the Actuarial Account in the Fire Pension Fund. The City will continue to defer contributions to the Actuarial Account in 2013 and 2014. Additionally, this adjustment reflects updated actuarial estimates for pension obligations of the Firefighters' Pension Fund based on experience in the Fund and also on the outcome of labor negotiations with Local 27.

City Council Provisos

There are no Council provisos.

Expenditure Overview

Appropriations	Summit Code	2011 Actual	2012 Adopted	2013 Adopted	2014 Endorsed
Firefighters' Pension Budget Control					
Administration		561,658	584,901	601,759	614,268
Death Benefits		11,000	15,000	15,000	15,000
Medical Benefits		10,192,114	10,700,001	10,700,000	10,700,000
Pensions		8,890,186	8,888,897	8,700,001	8,500,001
Transfer to Actuarial Account		0	0	0	0
Total	R2F01	19,654,958	20,188,797	20,016,758	19,829,268
Department Total		19,654,958	20,188,797	20,016,758	19,829,268
Department Full-time Equivalents Total*		4.00	4.00	4.00	4.00

* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.

Firefighters' Pension

Revenue Overview

2013 Estimated Revenues

Summit Code	Source	2011 Actual	2012 Adopted	2013 Adopted	2014 Endorsed
587001	General Subfund	17,758,533	18,874,972	18,272,660	18,060,246
	Total General Subfund	17,758,533	18,874,972	18,272,660	18,060,246
469990	Medicare Rx Subsidy Refund	351,122	0	325,000	325,000
	Total Medicare Refund	351,122	0	325,000	325,000
	Actuarial Account Interest	85,389	0	96,434	97,398
436691	Fire Insurance Premium Tax	906,236	939,174	985,104	1,010,027
	Total Miscellaneous Revenue	991,625	939,174	1,081,538	1,107,425
Total Revenues		19,101,280	19,814,146	19,679,198	19,492,671
	Use of (Contribution to) Fund Balance	553,678	374,651	337,562	336,597
	Total Fund Balance	553,678	374,651	337,562	336,597
Total Resources		19,654,958	20,188,797	20,016,760	19,829,268

Appropriations By Budget Control Level (BCL) and Program

Firefighters' Pension Budget Control Level

The purpose of the Firefighters' Pension Budget Control Level is to provide benefit services to eligible active and retired firefighters and their lawful beneficiaries.

Program Expenditures	2011 Actual	2012 Adopted	2013 Adopted	2014 Endorsed
Administration	561,658	584,901	601,759	614,268
Death Benefits	11,000	15,000	15,000	15,000
Medical Benefits	10,192,114	10,700,001	10,700,000	10,700,000
Pensions	8,890,186	8,888,897	8,700,001	8,500,001
Transfer to Actuarial Account	0	0	0	0
Total	19,654,958	20,188,797	20,016,758	19,829,268
Full-time Equivalents Total*	4.00	4.00	4.00	4.00

* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.

Firefighters' Pension

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

Administration Program

The purpose of the Administration Program is to administer the medical and pension benefits programs for active and retired members.

	2011	2012	2013	2014
Expenditures/FTE	Actual	Adopted	Adopted	Endorsed
Administration	561,658	584,901	601,759	614,268
Full-time Equivalents Total	4.00	4.00	4.00	4.00

Death Benefits Program

The purpose of the Death Benefits Program is to disburse benefits and ensure proper documentation of deceased members' death benefits.

	2011	2012	2013	2014
Expenditures	Actual	Adopted	Adopted	Endorsed
Death Benefits	11,000	15,000	15,000	15,000

Medical Benefits Program

The purpose of the Medical Benefits Program is to provide medical benefits to eligible members as prescribed by state law.

	2011	2012	2013	2014
Expenditures	Actual	Adopted	Adopted	Endorsed
Medical Benefits	10,192,114	10,700,001	10,700,000	10,700,000

Pensions Program

The purpose of the Pensions Program is to administer the various facets of the members' pension benefits, which includes the calculation of benefits, the disbursement of funds, and pension counseling for active and retired members.

	2011	2012	2013	2014
Expenditures	Actual	Adopted	Adopted	Endorsed
Pensions	8,890,186	8,888,897	8,700,001	8,500,001

Transfer to Actuarial Account Program

The purpose of the Transfer to Actuarial Account Program is to fully fund the actuarial pension liability for the fund.

	2011	2012	2013	2014
Expenditures	Actual	Adopted	Adopted	Endorsed
Transfer to Actuarial Account	0	0	0	0

Firefighters' Pension

Firefighters Pension Fund Table

Firefighters Pension Fund (60200)

	2011 Actuals	2012 Adopted	2012 Revised	2013 Adopted	2014 Endorsed
Beginning Fund Balance	11,430,410	10,451,227	10,876,732	11,011,389	10,673,829
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	19,101,280	19,814,146	20,226,970	19,679,198	19,492,671
Less: Actual and Budgeted Expenditures	19,654,958	20,188,797	20,092,313	20,016,758	19,829,268
Ending Fund Balance	10,876,732	10,076,576	11,011,389	10,673,829	10,337,232
Actuarial Account	9,576,576	9,576,576	9,643,400	9,739,834	9,837,232
Contingency Reserve	500,000	500,000	500,000	500,000	500,000
Rate Stabilization Reserve			867,990	433,995	0
Total Reserves	10,076,576	10,076,576	11,011,390	10,673,829	10,337,232
Ending Unreserved Fund Balance	800,156	0	-1	0	0