

# Police Relief and Pension

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## Department Overview

The Police Relief and Pension Fund (PPEN) provides pension and medical benefit services to eligible police officers, active and retired, and their beneficiaries. While the City pays into benefit funds for all Seattle police officers, PPEN is a closed plan which only covers police officers who were hired before October 1, 1977. Retiree benefits for police officers hired more recently are primarily covered through a separate state-managed plan.

The management of police benefits funds transitioned in the 1970s from local to state control. Prior to that time, the City paid into PPEN to provide for police officer retiree benefits. In March 1970, the State of Washington took over the provision of certain police pensions through Revised Code of Washington (RCW) Section 41.26, the Law Enforcement Officers and Fire Fighters (LEOFF) Plan 1. Seattle police officers hired between March 1970 and October 1977 enrolled in LEOFF 1, but also received additional benefit coverage through PPEN. As a result, this group of police officers receives retiree benefits primarily from the state's LEOFF 1 plan, but also any earned increment from the City's PPEN that exceeds LEOFF 1 coverage. Both PPEN and LEOFF 1 closed to new enrollees in October 1977. Police officers hired after that date enroll in the state's LEOFF 2 plan and do not receive benefits from PPEN.

The Seattle Police Pension Board is a seven-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on disability applications, and provides oversight of the Police Pension Fund. Three staff employees of the board handle all of its operational functions. Staff positions associated with Police Relief and Pension are reflected in the City's position list.

The projections of annual pension and medical benefits, which comprise about 97% of the total annual PPEN budget, are based on the forecasts of an independent actuary. The City's General Fund provides funding for nearly all of PPEN's annual budget that supports the Police Relief and Pension Fund obligations. The Police Pension Fund also has a statutory funding source from police auction proceeds, which contribute a small amount towards the annual budget.

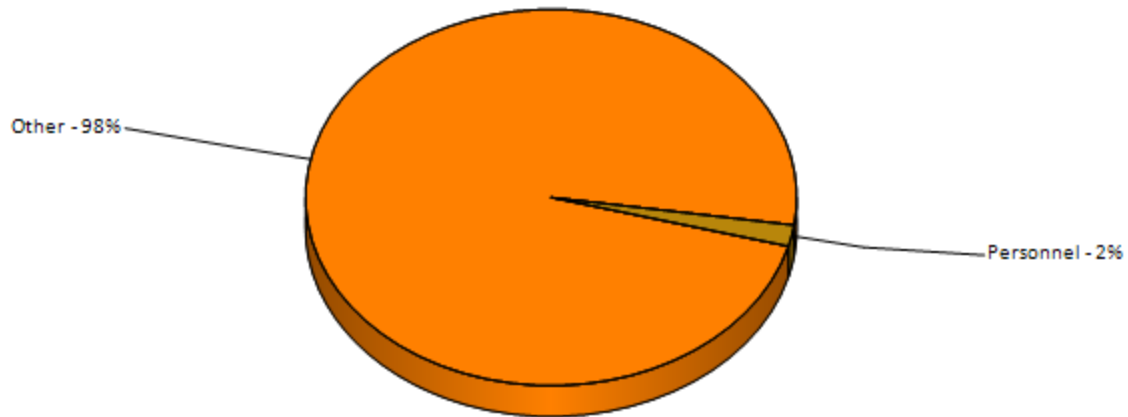
## Budget Snapshot

Department Support	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Adopted
General Fund Support	\$19,982,656	\$21,313,000	\$21,770,367	\$21,771,140
Other Funding - Operating	\$582,972	\$759,712	\$774,288	\$774,288
<b>Total Operations</b>	<b>\$20,565,628</b>	<b>\$22,072,712</b>	<b>\$22,544,655</b>	<b>\$22,545,428</b>
 <b>Total Appropriations</b>	 <b>\$20,565,628</b>	 <b>\$22,072,712</b>	 <b>\$22,544,655</b>	 <b>\$22,545,428</b>
Full-time Equivalent Total*	3.00	3.00	3.00	3.00

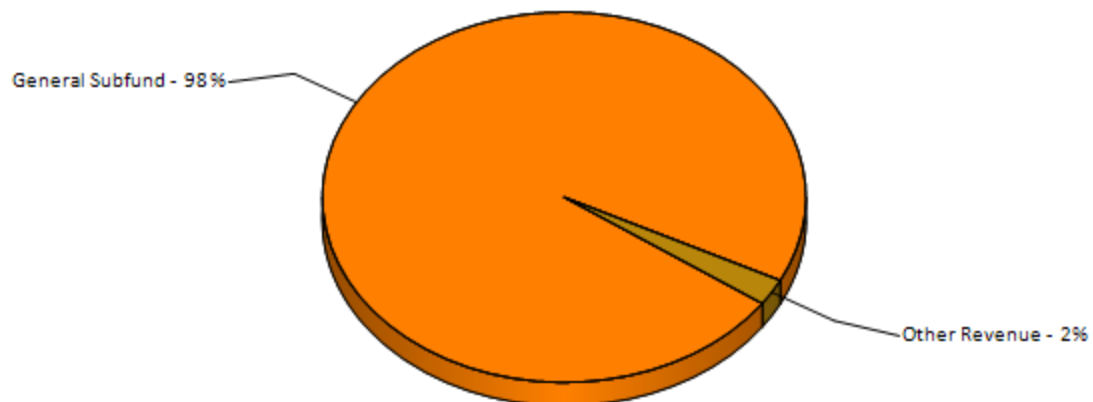
*\* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.*

## Police Relief and Pension

### 2018 Adopted Budget - Expenditure by Category



### 2018 Adopted Budget - Revenue by Category



# Police Relief and Pension

## Budget Overview

The Police Relief and Pension Fund (PPEN) receives nearly all of its revenue from the City's General Fund. PPEN's expenditures pay legally mandated pension and medical benefits, including long-term care, to eligible retired police officers and qualified beneficiaries. The total pension benefits for PPEN members are increased annually through locally negotiated cost of living adjustments (COLA) and local inflation. These increases are then offset by the benefits paid by the state's LEOFF 1 pension plan which has its own annual growth rate.

Most of PPEN's retirees are represented by either the Seattle Police Management Association (SPMA) or the Seattle Police Officer's Guild (SPOG). SPMA has just reached a new collective bargaining agreement, retroactive to January 1, 2014. Due to timing, the budgetary effects of this agreement on PPEN's SPMA affiliated member's pension benefits are not shown in this 2018 Adopted Budget. The needed appropriation increase for 2018 will be requested through a 2018 supplemental budget ordinance. The appropriation increase to PPEN's 2017 Budget to allow for retroactive payments through December 31, 2017 was made via the 2017 4th Quarter Supplemental Budget Ordinance. Both the four-year, \$2 million retroactive pension appropriation increase and the 2018 Supplemental amount will appear in the 2019 Budget reported under 2017 and 2018 respectively.

Their total pension benefits are increased annually with a COLA equal to the negotiated annual wage increases (AWI) for active union members at the Seattle Police Department. The 2018 Adopted Budget does not assume COLA increases on the total pension benefits for PPEN members impacted by SPMA or SPOG. Therefore, there are no changes in costs for PPEN compared to the 2018 Endorsed Budget.

A new agreement for SPOG has not been reached yet. Once an agreement is reached, the impacts will be incorporated into PPEN's budget to cover retroactive pension benefit costs since January 1, 2015 due to retired SPOG members.

Retiree medical and long-term care costs remain unchanged from the 2018 Endorsed Budget. The actuarial report anticipates medical and long-term care costs will increase over the next 15 to 20 years due to PPEN's aging membership, and annual trend rates for medical and long-term care costs.

### City Council Changes to the Proposed Budget

The Council made no changes to the 2018 Proposed Budget.

## Incremental Budget Changes

### Police Relief and Pension

	2018	
	Budget	FTE
<b>Total 2018 Endorsed Budget</b>	<b>\$ 22,544,655</b>	<b>3.00</b>
<b>Baseline Changes</b>		
Citywide Adjustments for Standard Cost Changes	\$ 773	0.00
<b>Total Incremental Changes</b>	<b>\$ 773</b>	<b>0.00</b>
<b>2018 Adopted Budget</b>	<b>\$ 22,545,428</b>	<b>3.00</b>

# Police Relief and Pension

## Descriptions of Incremental Budget Changes

### Baseline Changes

#### Citywide Adjustments for Standard Cost Changes - \$773

Citywide technical adjustments made in the baseline phase reflect changes to internal services costs, health care, and industrial insurance charges for the department. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

## City Council Provisos

There are no Council provisos.

## Expenditure Overview

Appropriations	Summit Code	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Adopted
<b>Police Relief and Pension Budget Control</b>					
Administration		563,444	634,712	646,655	647,428
Death Benefits		11,000	18,000	18,000	18,000
Medical Benefits		13,503,293	14,820,000	15,380,000	15,380,000
Pension Benefits		6,487,891	6,600,000	6,500,000	6,500,000
<b>Total</b>	<b>RP604</b>	<b>20,565,628</b>	<b>22,072,712</b>	<b>22,544,655</b>	<b>22,545,428</b>
<b>Department Total</b>		<b>20,565,628</b>	<b>22,072,712</b>	<b>22,544,655</b>	<b>22,545,428</b>
<b>Department Full-time Equivalents Total*</b>		<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>

*\* 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.*

## Police Relief and Pension

### Revenue Overview

#### 2018 Estimated Revenues

Summit Code	Source	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Adopted
	General Subfund	21,330,843	21,313,000	21,770,367	21,771,140
	<b>Total General Subfund</b>	<b>21,330,843</b>	<b>21,313,000</b>	<b>21,770,367</b>	<b>21,771,140</b>
	Medicare Rx Subsidy	500,206	400,000	400,000	400,000
	Police Auction Proceeds	82,766	117,000	117,000	117,000
	<b>Total Other Revenue</b>	<b>582,972</b>	<b>517,000</b>	<b>517,000</b>	<b>517,000</b>
	<b>Total Revenues</b>	<b>21,913,815</b>	<b>21,830,000</b>	<b>22,287,367</b>	<b>22,288,140</b>
	Use of (Contribution to) Fund Balance	-1,348,187	242,712	257,288	257,288
	<b>Total Use of (Contribution to) Fund Balance</b>	<b>-1,348,187</b>	<b>242,712</b>	<b>257,288</b>	<b>257,288</b>
	<b>Total Resources</b>	<b>20,565,628</b>	<b>22,072,712</b>	<b>22,544,655</b>	<b>22,545,428</b>

### Appropriations By Budget Control Level (BCL) and Program

#### Police Relief and Pension Budget Control Level

The purpose of the Police Relief and Pension Budget Control Level is to provide responsive benefit services to eligible active-duty and retired Seattle police officers.

Program Expenditures	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Adopted
Administration	563,444	634,712	646,655	647,428
Death Benefits	11,000	18,000	18,000	18,000
Medical Benefits	13,503,293	14,820,000	15,380,000	15,380,000
Pension Benefits	6,487,891	6,600,000	6,500,000	6,500,000
<b>Total</b>	<b>20,565,628</b>	<b>22,072,712</b>	<b>22,544,655</b>	<b>22,545,428</b>
Full-time Equivalents Total*	3.00	3.00	3.00	3.00

\* 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.

## Police Relief and Pension

*The following information summarizes the programs in Police Relief and Pension Budget Control Level:*

### Administration Program

The purpose of the Administration Program is to provide responsive benefit services to eligible active-duty and retired Seattle police officers.

	2016	2017	2018	2018
Expenditures/FTE	Actuals	Adopted	Endorsed	Adopted
Administration	563,444	634,712	646,655	647,428
Full-time Equivalents Total	3.00	3.00	3.00	3.00

### Death Benefits Program

The purpose of the Death Benefits Program is to provide statutory death benefit payments to lawful beneficiaries of eligible former members of the Seattle Police Department.

	2016	2017	2018	2018
Expenditures	Actuals	Adopted	Endorsed	Adopted
Death Benefits	11,000	18,000	18,000	18,000

### Medical Benefits Program

The purpose of the Medical Benefits Program is to provide medical benefits for eligible active-duty and retired members of the Seattle Police Department.

	2016	2017	2018	2018
Expenditures	Actuals	Adopted	Endorsed	Adopted
Medical Benefits	13,503,293	14,820,000	15,380,000	15,380,000

### Pension Benefits Program

The purpose of the Pension Benefits Program is to provide pension benefits for eligible retired members of the Seattle Police Department.

	2016	2017	2018	2018
Expenditures	Actuals	Adopted	Endorsed	Adopted
Pension Benefits	6,487,891	6,600,000	6,500,000	6,500,000

## Police Relief and Pension

### Police Pension Fund Table

#### Police Relief and Pension Fund (60400)

	2016 Actuals	2017 Adopted	2017 Revised	2018 Endorsed	2018 Adopted
<b>Beginning Fund Balance</b>	<b>4,671,902</b>	<b>5,171,902</b>	<b>6,020,089</b>	<b>4,929,190</b>	<b>5,777,377</b>
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	21,913,815	21,830,000	21,830,000	22,287,367	22,288,140
Less: Actual and Budgeted Expenditures	20,565,628	22,072,712	22,072,712	22,544,655	22,545,428
<b>Ending Fund Balance</b>	<b>6,020,089</b>	<b>4,929,190</b>	<b>5,777,377</b>	<b>4,671,902</b>	<b>5,520,089</b>
Contingency Reserve	500,000	500,000	500,000	500,000	500,000
Rate Stabilization Reserve	5,520,089	4,429,190	5,277,377	4,171,902	5,020,089
<b>Total Reserves</b>	<b>6,020,089</b>	<b>4,929,190</b>	<b>5,777,377</b>	<b>4,671,902</b>	<b>5,520,089</b>
<b>Ending Unreserved Fund Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

