

Comprehensive Annual Financial Report

Funds of the State of Washington
For the Fiscal Year Ended June 30, 2014

Prepared by:

The Washington State Department of Retirement Systems

PO Box 48380
Olympia, Washington
98504-8380

www.drs.wa.gov



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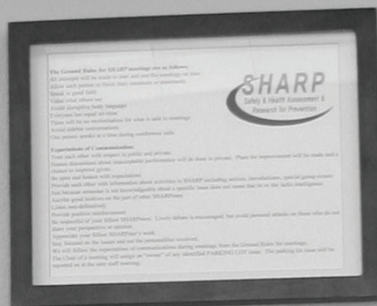
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Message from the Director



Who are DRS customers?

They are people all around our state who help make Washington a better place through public service. They are the men and women who are working (or have worked) at the state and local levels to teach our

children and to promote healthy, safe communities. They work to support a prosperous economy, and to provide sustainable energy and a clean environment. And they strive to deliver these services as efficiently and effectively as possible, mindful that they are accountable to the citizens they serve.

DRS is proud to support these public employees by ensuring they have the services, information and tools they need to receive the benefits they've earned in public service. To that end, everything we do is focused on five key goals:

Engaged Team Members — All DRS team members are fully engaged and supported in meeting (and exceeding) customer expectations. All DRS leaders are focused on providing the coaching, mentoring, resources and support that team members need to be successful in meeting customer needs. Team members are regularly interviewed to see how well the agency is measuring up to established satisfaction criteria, and to guide us to improvements when expectations are not being met.

Vigilant Resource Steward — DRS consistently seeks to improve the way it does business to make the best possible use of available resources in support of customer service and satisfaction. Innovation and empowerment are woven into a DRS culture that encourages team members to submit their ideas for improving processes, eliminating waste and strengthening services.

Best Practice Leader — Washington has been a national leader in designing and maintaining pension plans that are sustainable and provide reasonable retirement benefits to our valued public employees. DRS is proud to be part of this tradition, and places high value on innovative, visionary approaches. From its management system to the use of benchmarking data to this Comprehensive Annual Financial Report (and more), DRS continues to pursue and embrace best practices in all aspects of its operations.

Reliable Partner — DRS works with a number of organizations in the administration and governance of Washington's public pension and savings plans, including the Office of the State Actuary, the Washington State Investment Board, more than 1,300 public employers and two record keepers. Recognizing the enormous importance of a positive reputation with these partners, DRS strives to be supportive, collaborative, and transparent as we work together to manage the state's retirement systems.

Elated Customers — At DRS, we are "one team." Regardless of what our specific duties may be, we are all dedicated to one purpose: to serve our customers. We strive to be Respectful, Responsive and Right (accurate) in pursuit of 100 percent customer satisfaction. From their first day in public service to retirement and beyond, we want all of our customers to be elated with their experience with DRS.

DRS' fundamental mission is to help our customers — the men and women who serve our state and our communities — prepare for and enjoy a successful retirement. These five goals keep us continually focused on that mission, both now and in the years to come.

In the following pages, we offer our annual financial report for your review.

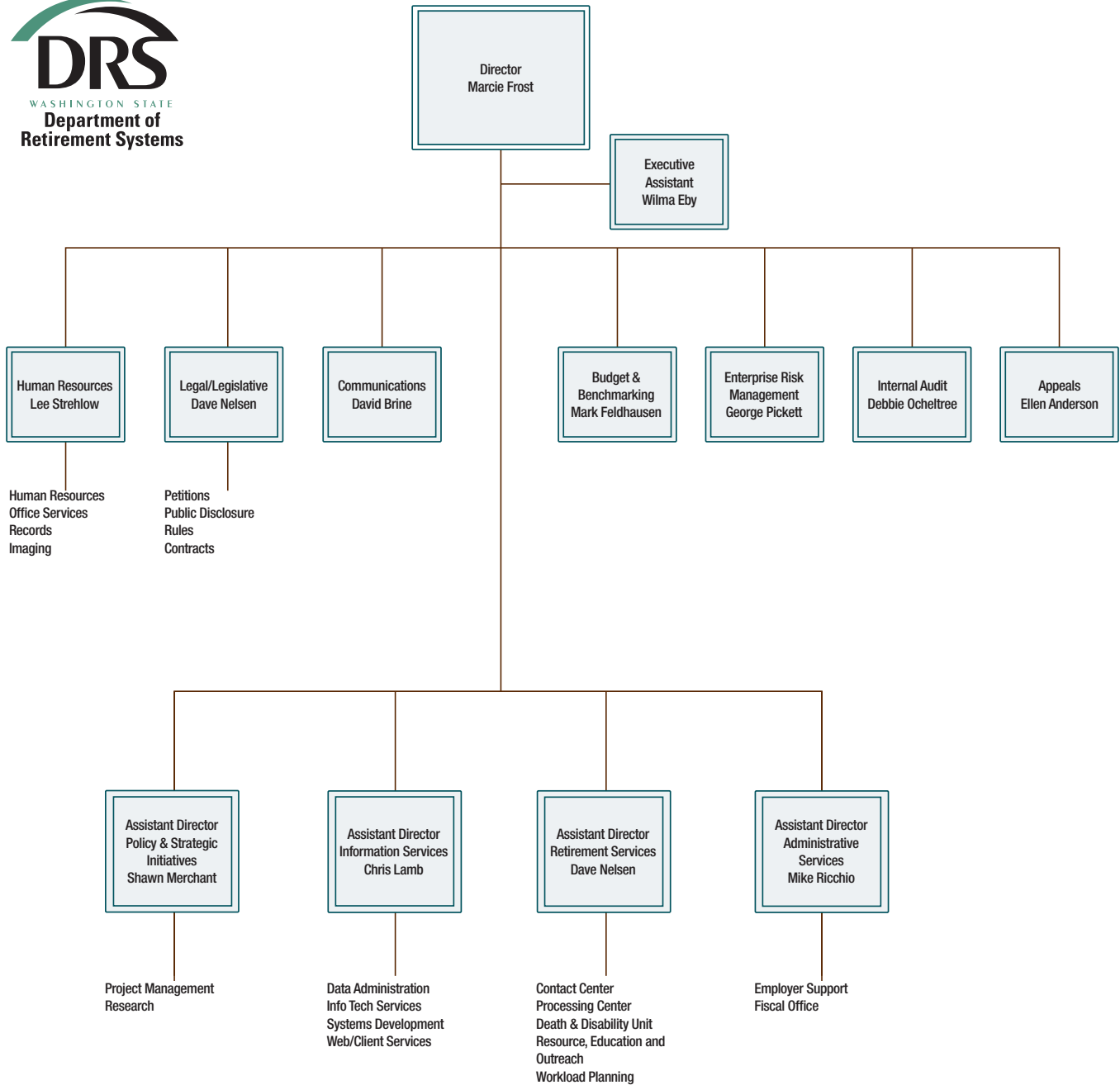
Sincerely,

A handwritten signature in black ink that reads "Marcie Frost". The signature is fluid and cursive, with a large loop at the end.

Marcie Frost
Director

November 3, 2014

Department of Retirement Systems' Organization – June 2014



Pension System Roles and Responsibilities

Pension System Roles and Responsibilities – Page 1 of 3		
Organization & Contact Information	Responsibility	Membership
Department of Retirement Systems PO Box 48380 Olympia, WA 98504-8380 Phone: 360.664.7000 Toll free: 800.547.6657 Website: www.drs.wa.gov	Collects and accounts for employer and employee contributions; maintains retirement records; pays benefits; communicates pension information; provides investment education; and administers the Deferred Compensation Program	The governor appoints the director of DRS.
Washington State Investment Board PO Box 40916 Olympia, WA 98504-0916 Phone: 360.956.4600 Website: www.sib.wa.gov	Invests and accounts for pension funds.	The Board consists of ten voting and five non-voting members. Voting Members: James L. McIntire – (Chair) State Treasurer Representative Timm Ormsby Senator Sharon Nelson Marcie Frost (Vice Chair) – Director, Department of Retirement Systems Joel Sacks – Director, Department of Labor and Industries George Masten – Retired Members Kelly Fox – LEOFF Arlista Holman – SERS Judy Kuschel – PERS Stephen Miller – TRS Non-voting Members – Investment Professionals: William A. Longbrake Richard Muhlebach Robert S. Nakahara David Nierenberg Jeffrey T. Seely
Office of Financial Management PO Box 43113 Olympia, WA 98504-3113 Phone: 360.902.0555 Website: www.ofm.wa.gov	Advises the governor on pension and funding policies and issues.	The governor appoints the director of OFM.
Office of the State Actuary PO Box 40914 Olympia, WA 98504-0914 Phone: 360.786.6140 Website: osa.leg.wa.gov	Acts as an advisory agency to the Legislature and to the director of DRS. Performs actuarial studies and reports on retirement bills. Creates formulas used to compute benefit payment adjustments that are based on early retirement, cost-of-living or long-term survivor benefits.	The Select Committee on Pension Policy appoints the state actuary.

Pension System Roles and Responsibilities – Page 2 of 3

Organization & Contact Information	Responsibility	Membership
Select Committee on Pension Policy Can be contacted through the State Actuary's Office.	Studies pension issues and retirement finances. Develops pension policies and recommends pension legislation.	Legislators: Representative Tim Ormsby (Chair) Representative Bruce Chandler Representative Matt Manweller Representative Pat Sullivan Senator Barbara Bailey (Vice Chair) Senator Steve Conway Senator Steve Hobbs Senator Mark Schoesler Agency Directors: David Schumacher – Office of Financial Management Marcie Frost – Department of Retirement Systems Retiree Representatives: Eugene Forrester – TRS Bob Thurston – WSPRS Active Member Representatives: Randy Davis – TRS Bob Keller – PERS J. Pat Thompson – PERS David Westberg – SERS Employer Representatives: John Boesenberg – PERS/Higher Education Glenn Olson – PERS Corky Mattingly – PERS
Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board PO Box 40918 Olympia WA 98504-0918 Phone: 360.586.2320 Website: www.leoff.wa.gov	Policy-making board that studies pension issues, acts as fiduciary of LEOFF Plan 2, sets contribution rates and recommends pension policy to the Legislature for LEOFF Plan 2 members.	Fire Fighter Representatives: Kelly Fox (Chair) Pat Hepler Mark Johnston Law Enforcement Representatives: Jeff Holy Wally Loucks Jack L. Simington (Vice Chair) Employer Representatives: David Cline Paul Golnik Legislators: Representative Kevin Van De Wege Senator Sharon Brown
Pension Funding Council Can be contacted through DRS.	Adopts economic assumptions for pension funding and member and employer pension contribution rates for LEOFF Plan 1, PERS, PSERS, SERS, TRS and WSPRS.	Legislators: Representative Bruce Chandler – Ranking minority member, House Appropriations Committee Representative Ross Hunter – Chair, House Appropriations Committee Senator Andy Hill – Chair, Senate Ways and Means Committee Senator James Hargrove – Ranking minority member, Senate Ways and Means Committee Agency Directors: David Schumacher – Office of Financial Management Marcie Frost – Department of Retirement Systems, Chairperson

Pension System Roles and Responsibilities – Page 3 of 3

Organization & Contact Information	Responsibility	Membership
DRS Advisory Committee Can be contacted through DRS.	Serves in an advisory role to the Director of DRS.	PERS: Bev Hermanson – Retired John I. Payne – Active Mary L. Sherman – Active SERS: Jacques Meddles – Active Cheri Ingersoll – Retired LEOFF: Mark J. Mears – Active Richard Warbrouck – Retired TRS: Nancy Baldwin – Retired (Chair) Darrell Heisler – Active PSERS: William Copland – Active WSPRS: Captain Jeff DeVere – Active Rick Jensen – Retired JRS: Judge Richard McDermott – Active DCP: Kathy Whitlock – Participant Defined Contribution Plan Administration: Deirdre Walker – Weyerhaeuser
Legislative Fiscal Committees House Appropriations Committee PO Box 40600 Olympia, WA 98504-0600 Senate Ways and Means Committee PO Box 40482 Olympia, WA 98504-0482 Phone: 360.786.7155 Toll free: 800.562.6000 Website: www.leg.wa.gov	Review and report on retirement bills to the full Legislature.	The legislative fiscal committees are the House Appropriations Committee and the Senate Ways and Means Committee.

Letter of Transmittal



STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
P.O. Box 48380 • Olympia, Washington 98504-8380

October 22, 2014

The Honorable Jay Inslee, Governor
Members of the Sixty-Third Legislature
Members of the Select Committee on Pension Policy
State of Washington
Olympia WA 98504

We are pleased to present to you the Department of Retirement Systems' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This CAFR is designed to comply with the requirements of RCW 41.50.050(4) and RCW 41.50.780(9).

Responsibility for the accuracy of the data and the fairness and completeness of this presentation, including all disclosures, rests with the management of the Department of Retirement Systems (DRS). To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to provide a fair representation of the financial position and results of the operations of the department.

CliftonLarsonAllen LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on DRS' financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Agency Description and History

As of June 30, 2014, DRS administered eight statewide public employee retirement systems, which were comprised of 12 defined benefit pension plans and three defined benefit plans with a defined contribution component.

The purpose of DRS is to administer the pension plans for state employees, teachers and classified educational employees, law enforcement officers and fire fighters, and other employees of participating political subdivisions. As of June 30, 2014, there were 1,318 covered employers, 171 of which are component units of the state, participating in multiple plans administered by DRS. DRS also administers a deferred compensation program.

Additionally, DRS is responsible for accounting and reporting services and collection of contributions for the Judicial Retirement Account (JRA), a defined contribution pension plan administered by the State of Washington Administrative Office of the Courts.

Departmental Initiatives

The department's activities are highlighted in the *Message from the Director* on page 3 of this Introductory Section.

Accounting System and Internal Control

This report has been prepared to conform to the principles of accounting and reporting established by the Governmental Accounting Standards Board (GASB). The basic financial statements are presented in accordance with guidelines established by GASB Statement No. 67, Financial Reporting for Pension Plans and other GASB statements, as appropriate. Specific accounting treatments are detailed in the *Notes to the Financial Statements*.

DRS' management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the retirement plans are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Funding

The intent of public pension funding in Washington State is to provide a dependable and systematic process for financing the benefits provided by the retirement systems. Measurements of funding status indicate how well a retirement plan is accomplishing that goal. There are two standard indicators of funding status: the funding ratio and the existence of an unfunded liability. Both measure the benefit obligations, or liabilities, of a plan against its assets. If the funding level is adequate, the ratio of total accumulated assets to total liabilities will be larger and more funds will be available for investment purposes. Also, an adequate funding level gives the members assurance that their pension benefits are secure.

The actuarial value of assets available as of the latest actuarial date for all systems is \$65,463 million. The accrued liability is \$74,162 million.

The accrued liability exceeds the net actuarial value of assets available for benefits by \$8,699 million. The ratio of assets to liabilities is 88 percent, compared to 95 percent last year. Current contribution rates remain in keeping with the goal of attaining a funding ratio of 100 percent by the amortization dates applicable to each plan, as required by chapter 41.45 RCW. Valuations are performed for all DRS-administered retirement systems on a yearly (July 1 through June 30) basis. These calculations are prepared by the Office of the State Actuary. Additional actuarial information is included in the Actuarial Section of this report.

Investments

The Legislature has established a standard of care for the investment of pension trust funds.

In accordance with RCW 43.33A.110, the Washington State Investment Board (WSIB) manages the pension fund portfolio to achieve maximum return at a prudent level of risk. The WSIB establishes asset allocation targets that must be considered when making investment decisions. The asset mix may deviate from the target. Deviations greater than predetermined acceptable levels require rebalancing back to the target. When an asset class exceeds its range, the goal of rebalancing is to meet the target allocation within consideration of the other remaining asset classes.

Most pension trust funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments. For Fiscal Year 2014, the CTF investments provided a 17.1 percent rate of return. The CTF annualized rate of return over the last three years was 10.1 percent and 12.8 percent over the last five years.

Further investment information, including investment professionals that provide service to WSIB, is included in the Investment Section of this report.

Professional Award

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DRS for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the nineteenth consecutive year that DRS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

This report was made possible by the employees of DRS based in part on information provided by the Office of Financial Management, the Office of the State Actuary, the Office of the State Treasurer and the Washington State Investment Board. DRS appreciates their assistance.

This report is intended to provide complete and reliable information that can be used to make management decisions and evaluate responsible stewardship of DRS-administered retirement system funds.

Respectfully submitted,



Marcie Frost

Director

Significant Events in State Retirement History

1930s-1940s

The PERS, TRS, WSPRS, Judges and many local police and fire fighters' retirement systems were created.

1970

Local police and fire fighters' retirement systems were consolidated into LEOFF.

1976

The Department of Retirement Systems was created to administer state retirement systems.

The Office of the State Actuary was created to provide pension cost estimates.

1977

The LEOFF, PERS and TRS Plans 2 were created.

1981

The Washington State Investment Board was created to manage the investment of state trust funds.

1987

The Joint Committee on Pension Policy was established.

1995

The TRS Plan 3 was created. The Employee Retirement Benefit Board (ERBB) was created to provide recommendations regarding investment, payment, and contribution options regarding Plan 3.

1996

The state Deferred Compensation program was transferred to DRS.

DRS assumed accounting and reporting responsibility for JRA.

1998

The School Employees' Retirement System (SERS) Plans 2 and 3 were created.

The Pension Funding Council was created.

1999

The PERS Plan 3 was created effective March 1, 2002, for state and higher education employees, and September 1, 2002, for local government employees.

2001

The WSPRS Plan 2 was created.

2003

The LEOFF 2 Board was established.

The Joint Committee on Pension Policy became the Select Committee on Pension Policy.

2004

The Public Safety Employees' Retirement System (PSERS) was created.



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for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

2014 Washington State Legislative Actions

The 2014 Washington State Legislature passed four pension-related bills that were signed into law by Governor Inslee. These bills are described below:

Bills that apply to more than one system

Senate Bill 6321 removes annual rate flexibility in the Plans 3. A TRS Plan 3 member no longer has the option to change his or her contribution rate each year during the month of January. This bill amends RCW 41.34.040 to remove the annual change option, and is effective after January of 2015. While this statutory option applies to Plan 3 members of PERS and SERS as well, it has never been implemented in those plans. This modification is deemed necessary by the Internal Revenue Service in order to ensure the Plans 3 retain favorable tax qualification.

Law Enforcement Officers' and Fire Fighters' Retirement System

House Bill 2456 eliminates the expiration date on the statutory provision in the LEOFF definition of fire fighter that includes emergency medical technicians (EMTs). This correction allows EMTs continued eligibility for membership in LEOFF.

Senate Bill 6201 allows LEOFF Plan 2 members to use funds from certain tax-qualified plans to purchase a life annuity from the LEOFF Plan 2 trust fund at the time of retirement.

Other Pension Related Bills

Senate Bill 6328 adds the Option to Purchase Individual Securities in a Public Deferred Compensation Program. This bill allows the state or other local government authorizing entities the option of allowing employees participating in the employer sponsored deferred compensation plan to purchase individual securities within the plan investment options. It does not require plans to make this option available, it only allows it.



INDEPENDENT AUDITORS' REPORT

Ms. Marcie Frost, Director
Washington State Department of Retirement Systems
Olympia, Washington

Report on the Financial Statements

We have audited the accompanying financial statements (including the individual fund financial statements) of the Washington State Department of Retirement Systems (DRS), which comprise the combining statement of fiduciary net position as of June 30, 2014, and the related statement of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, DRS' fiduciary net position as of June 30, 2014, and the changes in its fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statements present fairly in all material respects, the fiduciary net position of each of the individual funds of DRS as of June 30, 2014, and the changes in fiduciary net position of such funds for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Independent Auditors' Report (continued)

Report on Summarized Comparative Information

We have previously audited the DRS' 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Required Supplementary Schedules of Changes in Net Pension Liability, Net Pension Liability, Employer Contributions and Investment Returns and the related Notes to Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the DRS' basic financial statements. Supporting Schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the financial statements.

The Schedules of Administrative Expenses, Investment Expenses – Pension Trust Funds and Payments to Consultants (Supporting Schedules) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Introductory, Investment, Actuarial and Statistical Sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



CliftonLarsonAllen LLP

Baltimore, Maryland
October 22, 2014

Management's Discussion and Analysis

This discussion and analysis provides an overview of financial activities of the Washington State Department of Retirement Systems (DRS) for the Fiscal Year ended June 30, 2014. Please read it in conjunction with the *Letter of Transmittal* beginning on page 8 and DRS' financial statements, which begin on page 22 of this report.

Financial Highlights

- The overall financial position of DRS improved during the year ended June 30, 2014; the fiduciary net position of all the pension funds increased \$12,394.1 million.
- The covered payroll requiring both employee and employer pension contributions reported during the year totaled \$17,160.6 million, representing a 4 percent increase over the previous year.
- Employer contributions totaled \$1,527.4 million and member contributions (including restorations) totaled \$1,102.4 million, representing increases of 29 percent and 7 percent, respectively, over the previous fiscal year.
- Net investment earnings (net appreciation/depreciation in the fair value of investments, plus interest and dividend income, less investment expenses) increased \$5,474.2 million to \$13,623.6 million in Fiscal Year 2014.
- Pension benefits paid to retirees and beneficiaries increased \$206.8 million bringing the total benefit payments to \$3,455.9 million. Refunds of contributions paid to former retirement system members increased 21 percent to \$661.9 million.
- Administrative expenses totaled \$30.8 million and represented a 1 percent decrease from last fiscal year.

Overview of the Financial Statements

DRS' financial statements consists of the following components: basic financial statements, notes to the financial statements, required supplementary information, and other supporting schedules.

Basic Financial Statements The basic financial statements are fund financial statements, and include a *Statement of Fiduciary Net Position* and a *Statement of Changes in Fiduciary Net Position*.

The fiduciary funds include defined benefit and defined contribution pension trust funds and the deferred compensation program trust fund. The *Statement of Fiduciary Net Position* presented on pages 22-25 reports the assets, liabilities and resulting net position available for pension and other benefits as of June 30, 2014. The *Statement of Changes in Fiduciary Net Position* presented on pages 26-29 reports the additions to, deductions from and resulting change in net fiduciary position for the Fiscal Year ended June 30, 2014.

Notes to the Financial Statements The notes to the financial statements, presented on pages 30-83 of this report, are an integral part of the financial statements and include additional information not readily evident in the statements themselves. Note 1 provides a summary of significant accounting policies and plan asset matters. Note 2 provides a general description of the retirement plans, membership, employer net pension liability and actuarial assumptions.

Required Supplementary Information

Due to the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect an ongoing plan perspective. The required supplementary information consists of four schedules with the current fiscal year's financial data that will be built prospectively to present ten year historical trend schedules.

The *Schedules of Net Pension Liability* presents each pension plan's Net Pension Liability. The *Schedules of Changes in Net Pension Liability* include current fiscal year and prior fiscal year information about the changes in the net pension liability of each pension plan. The *Schedule of Investment Returns* presents the annual money-weighted rate of return, net of investment expense, for each pension plan.

Management's Discussion and Analysis (continued)

The *Schedule of Contributions* presents information about the annual required contributions of employers and the resulting contributions made by employers in relation to this requirement, covered employee payroll and the contributions as a percentage of covered payroll. The *Required Supplementary Information Schedules* are presented on pages 84-101.

Supporting Schedules and Other Financial Information

The supporting schedules on pages 102-104 provide additional detailed information useful in evaluating the condition of the plans administered by DRS. These schedules include information on administrative expenses, investment expenses and payments to consultants.

The fiduciary net position increased by \$12,394.1 million in Fiscal Year 2014 and totaled \$87,092.8 million as of June 30, 2014. The increase was almost entirely due to the impact of current year market movements on the investment portfolio.

Total trust fund assets as of June 30, 2014 were \$90,049.9 million, representing an increase of \$12,416.0 million, or 16 percent over the previous fiscal year. The trust fund asset growth was primarily due to increased investments. Total investments increased by \$12,615.4 million, or 17 percent, and reflected improved market conditions during the year.

Total trust fund liabilities as of June 30, 2014 were \$2,957.1 million, representing an increase of \$21.9 million, or 1 percent, over the previous year.

Financial Analysis of DRS Funds

Analysis of Fiduciary Net Position Dollars in Millions				
Fiduciary Net Position	Fiscal Year 2014	Fiscal Year 2013	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and Pooled Investments	\$ 59.3	\$ 39.0	\$ 20.3	52%
Receivables	1,780.3	1,999.8	(219.5)	(11)%
Capital Assets, Net of Depreciation	0.3	0.3	—	0%
Investments, Noncurrent	88,208.6	75,593.2	12,615.4	17%
Other Assets	1.4	1.6	(0.2)	(13)%
Total Assets	<u>90,049.9</u>	<u>77,633.9</u>	<u>12,416.0</u>	16%
Liabilities				
Obligations Under Securities Lending Agreements	1,091.6	1,196.8	(105.2)	(9)%
Other Short-Term Liabilities	1,864.1	1,736.8	127.3	7%
Long-Term Obligations	<u>1.4</u>	<u>1.6</u>	<u>(0.2)</u>	(13)%
Total Liabilities	<u>2,957.1</u>	<u>2,935.2</u>	<u>21.9</u>	1%
Fiduciary Net Position	<u>\$87,092.8</u>	<u>\$ 74,698.7</u>	<u>\$ 12,394.1</u>	17%

Analysis of Changes in Fiduciary Net Position
Dollars in Millions

Changes in Fiduciary Net Position	Fiscal Year 2014	Fiscal Year 2013	Increase (Decrease) Amount	Increase (Decrease) Percentage
Additions				
Employer Contributions	\$ 1,527.4	\$ 1,186.4	\$ 341.0	29%
Member Contributions	1,102.4	1,031.9	70.5	7%
State Contributions	66.1	64.3	1.8	3%
Participant Contributions	190.5	182.3	8.2	4%
Net Investment Income (Loss)	13,623.6	8,149.4	5,474.2	67%
Charges for Services	32.3	28.0	4.3	15%
Transfers from Other Pension Plans	4.8	5.6	(0.8)	(14)%
Other Additions	0.4	0.6	(0.2)	(33)%
Total Additions	<u>16,547.5</u>	<u>10,648.5</u>	<u>5,899.0</u>	55%
Deductions				
Benefits	3,455.9	3,249.1	206.8	6%
Refunds of Contributions	661.9	547.4	114.5	21%
Transfers to Other Pension Plans	4.8	5.6	(0.8)	(14)%
Transfers to Other Funds	—	4.3	(4.3)	(100)%
Administrative Expenses	30.8	31.1	(0.3)	(1)%
Total Deductions	<u>4,153.4</u>	<u>3,837.5</u>	<u>315.9</u>	8%
Net Increase/(Decrease)	<u>12,394.1</u>	<u>6,811.0</u>	<u>5,583.1</u>	82%
Fiduciary Net Position Beginning of Year	<u>74,698.7</u>	<u>67,887.7</u>	<u>6,811.0</u>	10%
Fiduciary Net Position End of Year	<u>\$87,092.8</u>	<u>\$ 74,698.7</u>	<u>\$12,394.1</u>	17%

Additions to the retirement trust funds primarily consist of contributions from employers, active system members, the state and from investment earnings. Additions to the deferred compensation trust fund consist of participant contributions and investment earnings.

Total trust fund additions (excluding plan transfers) for Fiscal Year 2014 totaled \$16,542.7 million, an increase of \$5,899.8 million from Fiscal Year 2013. This increase was primarily due to a \$5,474.2 million increase in net income from investment activities, caused almost entirely by current year market movements. The investment performance yielded a 17.1 percent total return for the Retirement Funds'

Commingled Trust Fund, compared to the 12.4 percent return of the previous year.

Employer contributions increased \$341 million, or 29 percent, and totaled \$1,527.4 million. This increase was the result of contribution rate changes.

Total covered payroll was \$17,160.6 million and represented a 4 percent increase over the previous year.

Member contributions include both regular and restoration contributions, and service credit purchases. Total contributions increased \$70.5 million, or 7 percent, over the previous year and totaled \$1,102.4 million for Fiscal Year 2014.

- Regular member contributions increased \$63.3 million to \$1,049.9 million, and reflected higher contribution rates.
- Other contributions increased \$7.2 million to \$52.5 million during the current year.

State contributions increased \$1.8 million to \$66.1 million in Fiscal Year 2014 and reflected the higher allocations out of the State General Fund for the Judicial Retirement System (JRS) and the Law Enforcement Officers' and Fire Fighters' Retirement Plan 2 (LEOFF 2). State contributions to LEOFF 2 increased by \$1.3 million to \$55.5 million and state contributions to JRS increased by \$.5 million to \$10.6 million during the current year.

Participant contributions to the Deferred Compensation Program (DCP) increased 4 percent over the prior year and totaled \$190.5 million in Fiscal Year 2014. As of June 30, 2014, the number of active and contributing DCP participants was 36,364 and represented an increase of 4,847, or 15 percent over the previous year.

Transfers from and to other pension plans decreased \$0.8 million to \$4.8 million in Fiscal Year 2014, and reflected a modest increase in member movement activity among the pension plans.

Other additions decreased by \$0.2 million to \$0.4 million in Fiscal Year 2014.

Management's Discussion and Analysis (continued)

Deductions to the retirement trust funds consist of the payment of benefits to retirees and beneficiaries, the refund of contributions to former retirement system members and the cost of administering the retirement systems. Benefit payments to members include both pension and annuity benefits.

Deductions to the deferred compensation trust fund consist of payments to plan participants and administrative expenses. Expenses for the management of trust funds incurred by the Washington State Investment Board (WSIB) are funded from earnings on investments.

Total trust fund deductions (excluding plan transfers) for Fiscal Year 2014 were \$4,148.6 million, an increase of \$316.7 million, or 8 percent, over Fiscal Year 2013. This growth resulted primarily from an increase in benefits paid to retirees and beneficiaries. Benefit payments increased \$206.8 million, or 6 percent, due to an increase in the number of retirees during the year, the annual cost-of-living adjustments that increased benefit payouts, and the higher salaries of those newly retired.

Total refunds for Fiscal Year 2014 were \$661.9 million, representing a \$114.5 million increase from the previous year. Of this increase, \$80.8 million can be attributed to employees withdrawing their plan contributions upon terminating public employment and \$33.7 million are additional distributions from the deferred compensation program for mandatory distributions and other withdrawals from program participants.

There were no transfers to other funds in Fiscal Year 2014 which represented a \$4.3 million decrease from the prior year. There was no requirement for an operating transfer into the State General Fund in Fiscal year 2014 which represented a 100 percent decrease from the prior year.

Capital Assets

DRS' investment in capital assets for its fiduciary activities includes furnishings, equipment and improvements other than buildings. As of June 30, 2014, total investment was \$2.4 million, with accumulated depreciation of \$2.1 million, leaving a net book value of \$0.3 million. Additional information on DRS' capital assets can be found in Note 1 to the financial statements.

Other Long-Term Obligations

At year-end, DRS had \$1.4 million in outstanding general long-term obligations, which represented a slight decrease from the prior year. These long-term obligations represent DRS' liability for employees' accumulated annual and sick leave. Additional information on DRS' long-term debt obligations can be found in Note 1 to the financial statements.

Contacting DRS' Financial Management

This financial report is designed to provide a general overview of DRS' finances. If you have questions about this report or need additional financial information, contact the Department of Retirement Systems' Fiscal Office, PO Box 48380, Olympia, WA 98504-8380.

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Statement of Fiduciary Net Position

Pension Trust and Other Employee Benefit Trust Funds by Plan – Page 1 of 4 June 30, 2014 – With Comparative Totals for June 30, 2013					
Expressed in Thousands	Pension Trust				
	PERS Plan 1	PERS Plan 2/3	PERS Plan 3 Defined Contribution	SERS Plan 2/3	SERS Plan 3 Defined Contribution
Assets					
Cash and Pooled Investments	\$ 2,825	\$ 8,903	\$ 366	\$ 7,163	\$ 1,188
Receivables					
Due from Other Governments	3,372	60,555	4,861	12,576	5,146
Member Accounts Receivable (Net of Allowance)	746	198	–	10	–
Interest and Dividends	23,912	84,396	4,071	11,549	3,685
Investment Trades Pending Receivable – Short Term	137,169	484,300	23,358	66,268	21,142
Due from Pension Funds	3,055	337	317	371	–
Due from Other Washington State Agencies	8	6	–	2	–
Other Receivables – Short Term	–	–	–	–	–
Total Receivables	168,262	629,792	32,607	90,776	29,973
Capital Assets, net of depreciation	76	48	–	9	–
Investments, Noncurrent					
Equity in CTF	7,784,692	27,485,339	1,325,620	3,760,899	1,199,874
Liquidity	177,065	626,188	35,605	86,850	31,003
Other Noncurrent Investments	–	–	960,882	–	419,858
Collateral Held Under Securities Lending Agreements	109,628	385,664	18,964	52,774	17,077
Total Investments, Noncurrent	8,071,385	28,497,191	2,341,071	3,900,523	1,667,812
Other Assets	387	244	–	44	–
Total Assets	8,242,935	29,136,178	2,374,044	3,998,515	1,698,973
Liabilities					
Obligations Under Security Lending Agreements	109,628	385,664	18,964	52,773	17,077
Accounts Payable	1,790	5,153	4,165	765	3,444
Investment Trades Pending Payable – Short Term	180,835	638,472	30,794	87,364	27,872
Due to Other Governments	5,990	2,703	–	541	–
Due to Pension Funds	23	3,171	–	640	310
Due to Other Washington State Agencies	144	112	–	12	–
Other Short-Term Liabilities	1	–	–	–	–
Other Long-Term Obligations	387	244	–	44	–
Accrued Salaries	181	115	–	21	–
Unearned Revenues	41	243	–	2	–
Total Liabilities	299,020	1,035,877	53,923	142,162	48,703
Fiduciary Net Position					
Pension Plans	7,943,915	28,100,301	2,320,121	3,856,353	1,650,270
Deferred Compensation Plan	–	–	–	–	–
Total Fiduciary Net Position	\$ 7,943,915	\$ 28,100,301	\$ 2,320,121	\$ 3,856,353	\$ 1,650,270

The accompanying notes are an integral part of this statement.

Pension Trust and Other Employee Benefit Trust Funds by Plan – Page 2 of 4
June 30, 2014 – With Comparative Totals for June 30, 2013

Expressed in Thousands	Pension Trust				
	PSERS Plan 2	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1
Assets					
Cash and Pooled Investments	\$ 468	\$ 2,897	\$ 12,329	\$ 5,347	\$ 1,704
Receivables					
Due from Other Governments	2,321	1,579	33,860	23,305	654
Member Accounts Receivable (Net of Allowance)	–	249	23	–	152
Interest and Dividends	898	19,553	29,312	12,667	17,215
Investment Trades Pending Receivable – Short Term	5,151	112,165	168,196	72,683	98,769
Due from Pension Funds	3	3,264	1,310	–	237
Due from Other Washington State Agencies	–	6	4	–	3
Other Receivables – Short Term	–	–	–	–	–
Total Receivables	8,373	136,816	232,705	108,655	117,030
Capital Assets, net of depreciation	–	66	27	–	34
Investments, Noncurrent					
Equity in CTF	292,321	6,365,665	9,545,512	4,124,953	5,605,448
Liquidity	9,218	146,228	229,020	110,495	127,376
Other Noncurrent Investments	–	–	–	2,717,466	–
Collateral Held Under Securities Lending Agreements	4,115	89,633	133,947	58,379	78,777
Total Investments, Noncurrent	305,654	6,601,526	9,908,479	7,011,293	5,811,601
Other Assets	2	336	135	–	172
Total Assets	314,497	6,741,641	10,153,675	7,125,295	5,930,541
Liabilities					
Obligations Under Security Lending Agreements	4,115	89,633	133,947	58,380	78,777
Accounts Payable	53	1,341	2,049	7,019	1,397
Investment Trades Pending Payable – Short Term	6,791	147,871	221,739	95,820	130,212
Due to Other Governments	1	5,898	1,044	–	3
Due to Pension Funds	149	15	3,351	1,125	1
Due to Other Washington State Agencies	1	83	35	–	44
Other Short-Term Liabilities	–	–	–	–	–
Other Long-Term Obligations	2	336	135	–	172
Accrued Salaries	1	154	62	–	79
Unearned Revenues	–	25	–	–	–
Total Liabilities	11,113	245,356	362,362	162,344	210,685
Fiduciary Net Position					
Pension Plans	303,384	6,496,285	9,791,313	6,962,951	5,719,856
Deferred Compensation Plan	–	–	–	–	–
Total Fiduciary Net Position	\$ 303,384	\$ 6,496,285	\$ 9,791,313	\$ 6,962,951	\$ 5,719,856

The accompanying notes are an integral part of this statement.

Statement of Fiduciary Net Position (continued)

Pension Trust and Other Employee Benefit Trust Funds by Plan – Page 3 of 4 June 30, 2014 – With Comparative Totals for June 30, 2013				
Expressed in Thousands	Pension Trust			
	LEOFF Plan 2	WSPRS Plan 1/2	JRS	Judges
Assets				
Cash and Pooled Investments	\$ 1,997	\$ 702	\$ 5,062	\$ 958
Receivables				
Due from Other Governments	14,180	499	–	–
Member Accounts Receivable (Net of Allowance)	32	2	–	–
Interest and Dividends	27,800	3,302	–	–
Investment Trades Pending Receivable – Short Term	159,531	18,949	–	–
Due from Pension Funds	102	26	1	–
Due from Other Washington State Agencies	2	1	1	–
Other Receivables – Short Term	–	–	–	–
Total Receivables	201,647	22,779	2	–
Capital Assets, net of depreciation	15	4	–	–
Investments, Noncurrent				
Equity in CTF	9,054,010	1,075,408	–	–
Liquidity	206,152	25,077	–	–
Other Noncurrent Investments	–	–	–	–
Collateral Held Under Securities Lending Agreements	127,122	15,123	146	27
Total Investments, Noncurrent	9,387,284	1,115,608	146	27
Other Assets	74	19	–	–
Total Assets	9,591,017	1,139,112	5,210	985
Liabilities				
Obligations Under Security Lending Agreements	127,121	15,123	146	27
Accounts Payable	1,922	213	1	–
Investment Trades Pending Payable – Short Term	210,316	24,981	–	–
Due to Other Governments	27	212	30	2
Due to Pension Funds	231	8	–	–
Due to Other Washington State Agencies	30	6	–	–
Other Short-Term Liabilities	–	–	–	–
Other Long-Term Obligations	74	19	–	–
Accrued Salaries	40	9	–	–
Unearned Revenues	–	–	–	–
Total Liabilities	339,761	40,571	177	29
Fiduciary Net Position				
Pension Plans	9,251,256	1,098,541	5,033	956
Deferred Compensation Plan	–	–	–	–
Total Fiduciary Net Position	\$ 9,251,256	\$ 1,098,541	\$ 5,033	\$ 956

The accompanying notes are an integral part of this statement.

Pension Trust and Other Employee Benefit Trust Funds by Plan – Page 4 of 4
June 30, 2014 – With Comparative Totals for June 30, 2013

Expressed in Thousands	Pension Trust		Totals	
	JRA Defined Contribution	Deferred Compensation	June 30, 2014	June 30, 2013
Assets				
Cash and Pooled Investments	\$ 13	\$ 7,410	\$ 59,332	\$ 39,053
Receivables				
Due from Other Governments	–	–	162,908	137,170
Member Accounts Receivable (Net of Allowance)	2	911	2,325	2,625
Interest and Dividends	–	–	238,360	199,286
Investment Trades Pending Receivable – Short Term	–	–	1,367,681	1,657,752
Due from Pension Funds	–	1	9,024	2,958
Due from Other Washington State Agencies	–	–	33	–
Other Receivables – Short Term	–	–	–	1
Total Receivables	<u>2</u>	<u>912</u>	<u>1,780,331</u>	<u>1,999,792</u>
Capital Assets, net of depreciation	<u>–</u>	<u>–</u>	<u>279</u>	<u>292</u>
Investments, Noncurrent				
Equity in CTF	–	–	77,619,741	66,077,326
Liquidity	–	–	1,810,277	1,575,338
Other Noncurrent Investments	13,019	3,575,736	7,686,961	6,743,729
Collateral Held Under Securities Lending Agreements	–	176	1,091,552	1,196,782
Total Investments, Noncurrent	<u>13,019</u>	<u>3,575,912</u>	<u>88,208,531</u>	<u>75,593,175</u>
Other Assets	<u>–</u>	<u>–</u>	<u>1,413</u>	<u>1,586</u>
Total Assets	<u>13,034</u>	<u>3,584,234</u>	<u>90,049,886</u>	<u>77,633,898</u>
Liabilities				
Obligations Under Security Lending Agreements	–	176	1,091,551	1,196,782
Accounts Payable	–	580	29,892	23,031
Investment Trades Pending Payable – Short Term	–	–	1,803,067	1,689,736
Due to Other Governments	–	–	16,451	16,024
Due to Pension Funds	–	–	9,024	2,958
Due to Other Washington State Agencies	–	11	478	327
Other Short-Term Liabilities	3	4,182	4,186	3,943
Other Long-Term Obligations	–	–	1,413	1,586
Accrued Salaries	–	45	707	78
Unearned Revenues	–	–	311	727
Total Liabilities	<u>3</u>	<u>4,994</u>	<u>2,957,080</u>	<u>2,935,192</u>
Fiduciary Net Position				
Pension Plans	13,031	–	83,513,566	71,495,401
Deferred Compensation Plan	–	3,579,240	3,579,240	3,203,305
Total Fiduciary Net Position	<u>\$ 13,031</u>	<u>\$ 3,579,240</u>	<u>\$ 87,092,806</u>	<u>\$ 74,698,706</u>

The accompanying notes are an integral part of this statement.

Statement of Changes in Fiduciary Net Position

Pension Trust and Other Employee Benefit Trust Funds by Plan – Page 1 of 4 June 30, 2014–With Comparative Totals for June 30, 2013					
Expressed in Thousands	Pension Trust				
	PERS Plan1	PERS Plan2/3	PERS Plan 3 Defined Contribution	SERS Plan2/3	SERS Plan 3 Defined Contribution
Additions					
Retirement Contributions					
Employer	\$ 448,895	\$ 430,345	\$ –	\$ 88,783	\$ –
Plan Member	18,797	346,270	105,183	31,305	60,766
State	–	–	–	–	–
Plan Member Restorations	9,290	21,981	–	552	–
Total Retirement Contributions	<u>476,982</u>	<u>798,596</u>	<u>105,183</u>	<u>120,640</u>	<u>60,766</u>
Participant Contributions	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Investment Income					
Net Appreciation (Depreciation) in Fair Value of Investments	1,157,754	3,922,917	313,388	536,742	222,334
Interest and Other Investment Income	128,705	434,023	21,814	59,375	19,394
Dividends	57,330	195,390	9,419	26,725	8,559
Less: Investment Expenses	(31,789)	(107,393)	(5,953)	(14,858)	(4,951)
Total Net Investment Income	<u>1,312,000</u>	<u>4,444,937</u>	<u>338,668</u>	<u>607,984</u>	<u>245,336</u>
Charges for Services	<u>2,887</u>	<u>10,805</u>	<u>251</u>	<u>1,774</u>	<u>227</u>
Transfers from Other Pension Plans	<u>36</u>	<u>141</u>	<u>1,871</u>	<u>42</u>	<u>682</u>
Miscellaneous	<u>12</u>	<u>44</u>	<u>–</u>	<u>8</u>	<u>–</u>
Total Additions	<u>1,791,917</u>	<u>5,254,523</u>	<u>445,973</u>	<u>730,448</u>	<u>307,011</u>
Deductions					
Benefits	1,189,496	565,660	–	81,216	–
Refunds of Contributions	4,219	35,202	81,924	2,732	73,826
Annuity Payments	–	–	1,435	–	854
Transfers to Other Pension Plans	–	2,441	326	504	302
Transfer to Other Funds	–	–	–	–	–
Administrative Expenses	3,016	9,977	251	1,543	227
Total Deductions	<u>1,196,731</u>	<u>613,280</u>	<u>83,936</u>	<u>85,995</u>	<u>75,209</u>
Net Increase (Decrease)	595,186	4,641,243	362,037	644,453	231,802
Fiduciary Net Position					
Beginning of Year: July 1	<u>7,348,729</u>	<u>23,459,058</u>	<u>1,958,084</u>	<u>3,211,900</u>	<u>1,418,468</u>
End of Year: June 30	<u>\$ 7,943,915</u>	<u>\$ 28,100,301</u>	<u>\$ 2,320,121</u>	<u>\$ 3,856,353</u>	<u>\$ 1,650,270</u>

The accompanying notes are an integral part of this statement.

Pension Trust and Other Employee Benefit Trust Funds by Plan – Page 2 of 4
June 30, 2014 – With Comparative Totals for June 30, 2013

Expressed in Thousands	Pension Trust				
	PSERS Plan 2	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1
Additions					
Retirement Contributions					
Employer	\$ 17,124	\$ 200,674	\$ 249,342	\$ –	\$ 98
Plan Member	17,344	9,039	41,081	273,656	–
State	–	–	–	–	–
Plan Member Restorations	102	5,587	2,931	–	844
Total Retirement Contributions	<u>34,570</u>	<u>215,300</u>	<u>293,354</u>	<u>273,656</u>	<u>942</u>
Participant Contributions	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Investment Income					
Net Appreciation (Depreciation) in Fair Value of Investments	39,842	952,903	1,359,570	966,000	824,336
Interest and Other Investment Income	4,390	105,955	150,400	66,997	91,501
Dividends	1,998	47,124	67,732	29,248	40,881
Less: Investment Expenses	(1,086)	(26,175)	(37,801)	(18,205)	(22,593)
Total Net Investment Income	<u>45,144</u>	<u>1,079,807</u>	<u>1,539,901</u>	<u>1,044,040</u>	<u>934,125</u>
Charges for Services	110	2,360	5,305	784	2,079
Transfers from Other Pension Plans	5	51	45	1,115	–
Miscellaneous	<u>–</u>	<u>9</u>	<u>24</u>	<u>–</u>	<u>8</u>
Total Additions	<u>79,829</u>	<u>1,297,527</u>	<u>1,838,629</u>	<u>1,319,595</u>	<u>937,154</u>
Deductions					
Benefits	256	909,234	149,522	–	355,740
Refunds of Contributions	2,194	2,262	1,988	235,635	248
Annuity Payments	–	16,741	–	3,084	–
Transfers to Other Pension Plans	–	–	445	721	–
Transfer to Other Funds	–	–	–	–	–
Administrative Expenses	104	2,195	4,585	784	1,851
Total Deductions	<u>2,554</u>	<u>930,432</u>	<u>156,540</u>	<u>240,224</u>	<u>357,839</u>
Net Increase (Decrease)	77,275	367,095	1,682,089	1,079,371	579,315
Fiduciary Net Position					
Beginning of Year: July 1	226,109	6,129,190	8,109,224	5,883,580	5,140,541
End of Year: June 30	<u>\$ 303,384</u>	<u>\$ 6,496,285</u>	<u>\$ 9,791,313</u>	<u>\$ 6,962,951</u>	<u>\$ 5,719,856</u>

The accompanying notes are an integral part of this statement.

Statement of Changes in Fiduciary Net Position (continued)

Pension Trust and Other Employee Benefit Trust Funds by Plan – Page 3 of 4 June 30, 2014 – With Comparative Totals for June 30, 2013				
Expressed in Thousands	Pension Trust			
	LEOFF Plan 2	WSPRS Plan 1/2	JRS	Judges
Additions				
Retirement Contributions				
Employer	\$ 85,532	\$ 6,587	\$ –	\$ –
Plan Member	140,921	5,489	–	–
State	55,551	–	10,600	–
Plan Member Restorations	10,120	1,066	–	–
Total Retirement Contributions	<u>292,124</u>	<u>13,142</u>	<u>10,600</u>	<u>–</u>
Participant Contributions	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	1,285,185	156,073	16	6
Interest and Other Investment Income	142,137	17,300	10	2
Dividends	64,054	7,755	–	–
Less: Investment Expenses	(35,107)	(4,272)	–	–
Total Net Investment Income	<u>1,456,269</u>	<u>176,856</u>	<u>26</u>	<u>8</u>
Charges for Services	<u>3,363</u>	<u>399</u>	<u>2</u>	<u>–</u>
Transfers from Other Pension Plans	<u>265</u>	<u>510</u>	<u>–</u>	<u>–</u>
Miscellaneous	<u>13</u>	<u>2</u>	<u>–</u>	<u>–</u>
Total Additions	<u>1,752,034</u>	<u>190,909</u>	<u>10,628</u>	<u>8</u>
Deductions				
Benefits	124,921	47,143	9,480	444
Refunds of Contributions	9,028	367	–	–
Annuity Payments	–	–	–	–
Transfers to Other Pension Plans	24	–	–	–
Transfer to Other Funds	–	–	–	–
Administrative Expenses	4,192	431	2	–
Total Deductions	<u>138,165</u>	<u>47,941</u>	<u>9,482</u>	<u>444</u>
Net Increase (Decrease)	<u>1,613,869</u>	<u>142,968</u>	<u>1,146</u>	<u>(436)</u>
Fiduciary Net Position				
Beginning of Year: July 1	<u>7,637,387</u>	<u>955,573</u>	<u>3,887</u>	<u>1,392</u>
End of Year: June 30	<u>\$ 9,251,256</u>	<u>\$ 1,098,541</u>	<u>\$ 5,033</u>	<u>\$ 956</u>

The accompanying notes are an integral part of this statement.

Pension Trust and Other Employee Benefit Trust Funds by Plan – Page 4 of 4
June 30, 2014 – With Comparative Totals for June 30, 2013

Expressed in Thousands	Pension Trust		Totals	
	JRA Defined Contribution	Deferred Compensation	June 30, 2014	June 30, 2013
Additions				
Retirement Contributions				
Employer	\$ 25	\$ –	\$ 1,527,405	\$ 1,186,357
Plan Member	25	–	1,049,876	986,590
State	–	–	66,151	64,346
Plan Member Restorations	–	–	52,473	45,277
Total Retirement Contributions	50	–	2,695,905	2,282,570
Participant Contributions	–	190,538	190,538	182,305
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	1,349	391,850	12,130,265	6,560,007
Interest and Other Investment Income	31	6,798	1,248,832	580,517
Dividends	10	3,444	559,669	1,265,835
Less: Investment Expenses	(18)	(5,009)	(315,210)	(256,924)
Total Net Investment Income	1,372	397,083	13,623,556	8,149,435
Charges for Services	–	1,949	32,295	28,008
Transfers from Other Pension Plans	–	–	4,763	5,626
Miscellaneous	(2)	314	432	602
Total Additions	1,420	589,884	16,547,489	10,648,546
Deductions				
Benefits	668	–	3,433,780	3,233,398
Refunds of Contributions	–	212,298	661,923	547,420
Annuity Payments	–	–	22,114	15,722
Transfers to Other Pension Plans	–	–	4,763	5,626
Transfer to Other Funds	–	–	–	4,330
Administrative Expenses	–	1,651	30,809	31,076
Total Deductions	668	213,949	4,153,389	3,837,572
Net Increase (Decrease)	752	375,935	12,394,100	6,810,974
Fiduciary Net Position				
Beginning of Year: July 1	12,279	3,203,305	74,698,706	67,887,732
End of Year: June 30	\$ 13,031	\$ 3,579,240	\$ 87,092,806	\$ 74,698,706

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements – For the Fiscal Year Ended June 30, 2014

Note 1: Summary of Significant Accounting Policies and Plan Asset Matters

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) has developed criteria relating to elements of financial accountability to be used to determine the reporting entity. Financial accountability is manifest when the primary government appoints a voting majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify that budget, or to set rates or charges without substantive approval by another government.

Because DRS is part of the primary government of the state of Washington, based on GASB's criteria, it is considered part of the state's financial reporting entity and is included in the state's comprehensive annual financial report (CAFR).

The state of Washington's CAFR may be obtained from the Office of Financial Management's website at: www.ofm.wa.gov/cafr

The state of Washington, through DRS, administers eight retirement systems for public employees of the state and political subdivisions: the Public Employees' Retirement System, the School Employees' Retirement System, the Public Safety Employees' Retirement System, the Teachers' Retirement System, the Law Enforcement Officers' and Fire Fighters' Retirement System, the Washington State Patrol Retirement System, the Judicial Retirement System, and the Judges' Retirement Fund.

The members of the public retirement systems, together with their employers and the state provide funding for the systems based upon actuarial valuations. The

Legislature establishes benefit levels and approves the actuarial assumptions used in determining contribution levels.

B. Basic Financial Statements

The financial statements provided in this report are fiduciary statements.

Fiduciary funds report assets held for others in a trustee or agency capacity and therefore, cannot be used to support the government's own programs. DRS' fiduciary funds are the retirement pension trust funds. The statements presented for these funds include a Statement of Fiduciary Net Position (SFNP) and a Statement of Changes in Fiduciary Net Position (SCFNP).

The statements provide a separate column for each plan administered by DRS. The SFNP includes information about the assets, liabilities, and net fiduciary position for each plan. The SCFNP includes information about the additions to, deductions from, and net increase (or decrease) in fiduciary net position for each plan for the year.

C. Measurement Focus and Basis of Accounting

DRS' financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting.

Plan member contributions are recognized as revenues in the period in which the contributions are earned. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The deferred compensation plan is accounted for in a pension trust fund using the flow of economic resources measurement focus and the accrual basis of accounting. Participant contributions are recognized as revenues in

the period in which the contributions are due. Refunds are recognized when due and payable in accordance with the terms of the plan.

DRS maintains an administrative fund to account for the administrative revenues and operating expenditures incurred in administering the deferred compensation plan. Since these costs are incurred in the administration of the deferred compensation plan, they have been reported within the deferred compensation plan.

D. Method Used to Value Investments

Investments are reported at fair value. Unrealized gains and losses are included as investment income in the Statement of Changes in Fiduciary Net Position. The net assets of the Retirement Funds are valued using the following sources:

Publicly Traded Securities (corporate stock, commingled funds, exchange-traded derivatives, and fixed income): Fair values are based on published market prices, quotations from national security exchanges and security pricing services.

Limited Partnerships: The fair value of investments (such as private equity, real estate, innovation and tangible assets) that are organized as limited partnerships and have no readily ascertainable fair value has been determined by the Washington State Investment Board (WSIB) management based on the individual investment's capital account balance, reported at fair value by the general partner, at the closest available reporting period, adjusted for subsequent contributions, distributions, management fees, and changes in value of foreign currency and published market prices for certain securities.

The limited partnerships' annual financial statements are audited by independent auditors. These investments are valued at \$29.6 billion (37 percent of total investments) as of June 30, 2014. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near-term.

Private Equity Limited Partnerships: The fair value of individual capital account balances is based on the valuations reported by private equity partnerships using the following methodologies to value the underlying portfolio companies:

- Valuations of publicly traded portfolio companies are based on active exchanges using quoted market prices as of the close of trading for each month end.
- When a portfolio company investment does not have a readily available market price, but has a return that is determined by reference to an asset for which a market price is readily available, valuations are based on the closing market price of the reference asset on the valuation date, adjusted for factors that affect the fair value of the investment held.
- When the portfolio company's investments are private holdings and are not traded on active security exchanges, valuation methodologies used consist primarily of income and market approaches. The income approach involves a discounted cash flow analysis based on the portfolio company's projections. The market approach involves valuing a company at a multiple of a specified financial measure, generally Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) based on multiples at which comparable companies trade.

Real Estate Limited Partnerships: Real estate partnerships provide the WSIB management with quarterly valuations based on the most recent capital account balances. Individual properties are valued by the partnerships at least annually, and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are generally externally valued every one to five years, depending upon the partnership. Structured finance investments receive quarterly value adjustments by the partners, generally applying the assumption that all such positions will be held to maturity. Annual audits of most partnerships include a review of compliance with the partnerships' valuation policies.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies and Plan Asset Matters (continued)

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

F. Revenue Recognition

Interest and dividend income is recognized when earned. Capital gains and losses are recognized on a trade-date basis. Purchases and sales of investments are also recorded on a trade-date basis.

G. Allocation

DRS maintains a fund to account for the administrative additions and deductions incurred in administering the pension plans (excluding any fees incurred while protecting the pension plans). These additions and deductions have been allocated to the pension plans.

DRS maintains a general capital assets fund to account for the capital assets used in administering the pension plans. These capital assets have been allocated to the pension plans based on asset balance. DRS also maintains a general long-term obligation fund to account for accumulated compensated absences incurred in administering the pension plans. These general long-term obligations have also been allocated to the pension plans based on asset balance.

H. Deposits, Investments, and Securities Lending

Deposits: DRS' deposits are managed by the Office of the State Treasurer (OST) and consist of securities issued by AAA rated issuers or deposits in financial institutions partially insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by the Washington Public Deposit Protection Commission (PDPC) up to statute limitations. The PDPC constitutes a multiple financial institution collateral pool. Pledged securities under the PDPC collateral pool are held by the PDPC's agent in the name of the collateral pool.

State law (chapter 43.84.080 RCW) specifies that whenever there is a fund or cash balance in the state treasury more than sufficient to meet the current expenditures properly payable therefrom, the OST may invest or reinvest such portion of such funds or balances as the OST deems expedient. Statute authorizes the OST to buy and sell the following types of instruments: U.S. Government and Agency securities, bankers' acceptances, commercial paper and deposits with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above. DRS receives its proportionate share of investment earnings from surplus balances in the state treasury based upon its daily balance for the period. DRS' deposits are separately displayed on the Statement of Fiduciary Net Position as cash and pooled investments.

Deposits – Custodial Credit Risk: Custodial credit risk is the risk that deposits may not be returned in the event of the failure of a financial institution. The OST minimizes custodial credit risk by restrictions set forth in state law. Statutes restrict the OST to deposit funds in financial institutions that are physically located in Washington unless otherwise expressly permitted by statute and authorized by the PDPC. As of June 30, 2014, the carrying amount of DRS' cash and pooled investment deposits is \$59.3 million, all of which is insured or collateralized.

Investments: The WSIB has been authorized by statute as having the investment management responsibility for Retirement and Deferred Compensation Funds. The WSIB is authorized to invest as provided by statute (chapter 43.33A RCW) and WSIB policy. The WSIB is authorized and invests in the following: U.S. Treasury Bills; discount notes; repurchase agreements; reverse repurchase agreements; bankers' acceptances; commercial paper; guaranteed investment contracts; U.S. Government and Agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; non-U.S. dollar bonds; investment grade corporate bonds; non-investment grade corporate bonds; publicly traded mortgage-backed securities; privately placed mortgages; private

placements of corporate debt; U.S. and foreign common stock; U.S. preferred stock; convertible securities; private equity including but not limited to: investment corporations, partnerships, and limited liability companies for venture capital, leveraged buy-outs, real estate and other tangible assets, or other forms of private equity; asset backed securities; and derivative securities including futures, options, options on futures, forward contracts, and swap transactions.

There were no violations of these investment restrictions during Fiscal Year 2014.

Investments – Interest Rate Risk: Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. This risk is managed within the portfolios using effective duration, which is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Increases in prevailing interest rates generally translate into decreases in the fair values of those investments.

The Retirement Funds' fixed income investments are to be actively managed to meet or exceed the return of the Barclays Capital Universal Index, with volatility similar to or less than the index. As of June 30, 2014 the Retirement Funds' duration was within the duration target of this index.

The schedule on page 34 provides information about the interest rate risks associated with the categorized investments in the Commingled Trust Fund (CTF) as of June 30, 2014. The schedule displays asset classes held by maturity in years, effective durations, and credit ratings. Residential mortgage backed, commercial mortgage backed, and asset backed securities are reported using the average life within the portfolio. The average life is a calculated estimate of the average time until maturity for these securities, taking into account possible prepayments of principal. All other categorized securities on this schedule are reported using the stated maturity date.

Investments – Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WSIB's investment policies for the Retirement Funds limit the fixed income securities to investment grade or higher at the time of purchase. Investment grade securities are those fixed income securities with a Moody's rating of Aaa to Baa, or a Standard and Poor's rating of AAA to BBB. The Retirement Funds' rated debt investments as of June 30, 2014, were rated by Moody's and/or an equivalent national rating organization.

Credit ratings for the Retirement Funds' rated debt investments as of June 30, 2014 are presented in the schedule on page 34. Investment types with multiple credit ratings are presented in the schedule on page 35.

Investments – Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer.

The WSIB's policy states that no corporate fixed income issue shall exceed three percent of cost at the time of purchase or six percent of fair value of the fund thereafter, and that no high yield issues shall exceed one percent of cost or two percent of the fair value of the fund.

There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2014. Additionally, no single investment (other than any issued or explicitly guaranteed by the U.S. government, or involving mutual funds or investment pools) comprised more than five percent of DRS' net investments at the end of Fiscal Year 2014.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies and Plan Asset Matters (continued)

Investment Maturities

As of June 30, 2014 – Expressed in Thousands

Investment Type	Total Fair Value	Maturity				Effective Duration	Credit Rating
		Less than one year	1-5 years	6-10 years	More than 10 years		
Mortgage and Other Asset Backed Securities	\$ 1,619,194	\$ 420,959	\$ 1,122,642	\$ 75,588	\$ 4	2.91	*
Corporate Bonds	8,373,642	370,654	3,729,334	3,019,900	1,253,754	5.86	*
U.S. Government and Agency Securities	7,083,931	897,921	5,513,369	473,793	198,848	3.30	Aaa
Foreign Government and Agency Securities	1,276,028	96,337	414,093	567,394	198,205	5.01	*
Total Retirement Funds Investment Categorized	\$ 18,352,795	\$ 1,785,871	\$ 10,779,438	\$ 4,136,675	\$ 1,650,811	4.59	

Investments Not Required to be Categorized

Cash and Cash Equivalents	1,811,287
Equity Securities	29,708,079
Alternative Investments	29,557,857
Total Investments Not Categorized	\$ 61,077,223

DCP, JRA, and Defined Contribution

– SELF Plan Assets:

Retirement Strategy Funds (Target Date Funds)	3,499,914
Equity Index Funds	1,878,357
Guaranteed Investment Contracts	941,650
Bond Funds	642,273
Money Market Mutual Funds	496,746
Balanced Fund	228,016
Life Annuity	5
Total DCP, JRA, and Defined Contribution – SELF Plan Assets	\$ 7,686,961

Securities Under Lending Agreements	1,091,552
Total Investments Non-Current– 6/30/2014	\$ 88,208,531

* These Investment Types have Multiple Credit Ratings, refer to *Investments with Multiple Credit Ratings* Schedule presented on following page.

Investments with Multiple Credit Ratings

As of June 30, 2014 – Expressed in Thousands

Moody's Equivalent Credit Rating	Mortgage and Other Asset Backed Securities	Corporate Bonds	U.S. Government and Agency Securities	Foreign Government and Agency Securities	Total Debt Securities
Aaa	\$1,607,233	\$ 577,753	\$7,083,931	\$ 274,458	\$ 9,543,375
Aa1	–	18,013	–	69,235	87,248
Aa2	–	198,617	–	83,773	282,390
Aa3	–	382,040	–	105,402	487,442
A1	1,282	437,250	–	–	438,532
A2	–	534,973	–	–	534,973
A3	–	715,514	–	94,686	810,200
Baa1	1,381	1,056,086	–	46,985	1,104,452
Baa2	9,298	1,491,213	–	166,980	1,667,491
Baa3	–	1,882,377	–	344,045	2,226,422
Ba1 or Lower	–	1,079,806	–	90,464	1,170,270
Total Fair Value	<u>\$1,619,194</u>	<u>\$8,373,642</u>	<u>\$7,083,931</u>	<u>\$1,276,028</u>	<u>\$18,352,795</u>

Investments – Custodial Credit Risk: Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the WSIB would not be able to recover the value of its deposits, investments, or collateral securities. As of June 30, 2014, investment securities (excluding cash, cash equivalents, and repurchase agreements held as securities lending collateral) are registered and held in the name of the WSIB for the benefit of the Retirement Funds, and are not exposed to custodial credit risk. The WSIB has no general policies relating to custodial credit risk.

Investments – Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The WSIB does not have a formal policy to limit the Retirement Funds' foreign currency risk.

The WSIB manages exposure to fair value loss by requiring its international securities investment managers to maintain diversified portfolios by sector and by issuer to limit foreign currency and security risk. The Retirement Funds' exposure to foreign currency risk as of June 30, 2014, is presented in the schedule on page 36. The schedule, stated in U.S. dollars, provides information on deposits and investments held in various foreign currencies. Private equity and real estate are presented according to the financial reporting currency of the individual funds. This is not a presentation of currency exposure relating to the underlying holdings.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies and Plan Asset Matters (continued)

Foreign Currency Exposure by Country As of June 30, 2014 – Expressed in Thousands Investment Type in US Dollar Equivalent

Foreign Currency Denomination	Cash and Cash Equivalents	Debt Securities	Equity Securities	Alternative Assets	Total
Australia Dollar	\$ 9,207	\$ 404,835	\$ 521,232	\$ 28,746	\$ 964,020
Brazil Real	356	357,172	105,525	—	463,053
Canada Dollar	13,287	—	897,531	—	910,818
Chile Peso	—	124,509	4,018	—	128,527
China Yuan	277	168,512	—	—	168,789
Colombia Peso	—	141,053	—	—	141,053
Denmark Krone	63	—	151,661	—	151,724
E.M.U. Euro	34,766	—	3,327,231	2,626,325	5,988,322
Hong Kong Dollar	3,654	—	482,347	—	486,001
Hungary Forint	112	—	7,275	—	7,387
India Rupee	612	88,654	155,641	—	244,907
Indonesia Rupiah	178	56,808	62,953	—	119,939
Israel Shekel	1,475	—	39,560	—	41,035
Japan Yen	16,194	—	1,933,532	—	1,949,726
Malaysia Ringgit	187	66,090	37,389	—	103,666
Mexico Peso	38	128,668	52,113	—	180,819
New Taiwan Dollar	1,830	—	146,401	—	148,231
New Zealand Dollar	990	—	14,371	—	15,361
Nigeria Naira	—	47,608	—	—	47,608
Norway Krone	3,510	—	86,204	—	89,714
Philippines Peso	4	38,735	19,175	—	57,914
Poland Zloty	—	—	9,934	—	9,934
Singapore Dollar	564	—	169,167	—	169,731
South Africa Rand	(21)	—	89,938	—	89,917
South Korea Won	227	—	115,132	—	115,359
Sweden Krona	2,857	—	345,212	—	348,069
Switzerland Franc	215	—	1,016,333	—	1,016,548
Thailand Baht	132	46,986	47,985	—	95,103
Turkey Lira	163	68,672	64,904	—	133,739
United Kingdom Pound	10,486	—	2,456,482	—	2,466,968
Uruguay Peso	—	52,991	—	—	52,991
Total Foreign Currency Exposure	\$ 101,363	\$ 1,791,293	\$ 12,359,246	\$ 2,655,071	\$ 16,906,973

Source: Washington State Investment Board

Securities Lending and Repurchase Agreements:

Management responsibilities for securities lending and repurchase agreements, as authorized by statute, are as follows:

WSIB: Washington law and WSIB policy permit the WSIB to participate in securities lending transactions to augment the investment income of the Retirement Funds. The WSIB has entered into an agreement with State Street Corporation (SSC) to act as agent for the WSIB in securities lending transactions. As SSC is the custodian bank for the WSIB, it is counterparty to these transactions.

The fair value of the securities on loan at June 30, 2014 was approximately \$3.6 billion. The securities on loan remain in the Statement of Fiduciary Net Position in their respective categories. At June 30, 2014, cash collateral received totaling \$1.1 billion is reported as a securities lending obligation, and the fair value of the reinvested cash collateral totaling \$1.1 billion is reported as security lending collateral in the Statement of Fiduciary Net Position. Securities received as collateral where the WSIB does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities. Total securities received as collateral at June 30, 2014 was \$2.6 billion.

Debt and equity securities were loaned and collateralized by the WSIB's agent with cash and U.S. Government or U.S. Agency securities including U.S. Agency mortgage-backed securities (exclusive of letters of credit). When the loaned securities had collateral denominated in the same currency, the collateral requirement was 102 percent of the fair value, including accrued interest of the securities loaned. All other securities were required to be collateralized at 105 percent of the fair value, including accrued interest of the loaned securities.

The following table summarizes the securities held from reinvestment of cash collateral and securities received as collateral at June 30, 2014.

Cash and Securities Held as Collateral As of June 30, 2014 – Expressed in Millions	
Mortgage Backed	\$ 2,408
Repurchase Agreements	558
Yankee CD	201
Cash Equivalents and Other	555
Total Collateral Held	<u>\$ 3,722</u>

During Fiscal Year 2014, securities lending transactions could be terminated on demand by either the WSIB or the borrower.

As of June 30, 2014, the collateral held had an average duration of 22.5 days and an average weighted final maturity of 82.2 days. Because the securities lending agreements were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. Non-cash collateral could not be pledged or sold, absent borrower default. No more than 20 percent of the total on loan value could be held by a specific borrower. Collateral investment guidelines specifically prohibit European domiciled holdings. There were no restrictions on the amount of securities that can be lent.

Securities were lent with the agreement that they would be returned in the future for exchange of the collateral. SSC indemnified the WSIB by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. SSC's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies and Plan Asset Matters (continued)

During Fiscal Year 2014, there were no significant violations of legal or contractual provisions or failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the Retirement Funds incurred no losses during Fiscal Year 2014 resulting from a default by either the borrowers or the securities lending agents.

Credit Risk: The WSIB mitigates credit risk in securities lending with a policy that strictly limits the types of collateral that may be used to secure these transactions.

OST: State statutes permit the OST to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The OST, which has contracted with Citibank as lending agent, receives earnings for this activity.

The OST lending agent lends U.S. Government and U.S. Agency securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair market value of the loaned securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent.

The cash is invested by the lending agent in accordance with investment guidelines approved by the OST. The securities held as collateral and the securities underlying the cash collateral are held by the custodian. One option available to the lending agent is to invest cash collateral into an OST account in the Local Government Investment Pool (LGIP).

The contract with the lending agent requires indemnification of the OST if the borrowers fail to return the securities (or if the collateral is inadequate to replace the securities lent) or if the borrower fails to pay the OST for income distribution by the securities' issuers while the securities are on loan. The OST cannot pledge or sell collateral securities received unless the borrower defaults. At June 30, 2014, securities lent totaled \$2.5 million. Collateral held under securities lending agreements and obligations under securities lending agreements each totaled \$2.6 million, which was invested in the LGIP.

State law also permits the OST to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in the fair value of the securities.

If the dealers default on their obligations to resell these securities to the OST or provide securities or cash of equal value, the Retirement Funds would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest.

During Fiscal Year 2014, the OST did not engage in reverse repurchase activity and it incurred no losses by default, nor recovered prior period losses, from these transactions. At June 30, 2014, there were no obligations under reverse repurchase agreements.

Credit Risk: The OST limits its credit risk with an investment policy that restricts the types of investments in which the OST can participate. Additionally, the OST investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the OST. During Fiscal Year 2014, the OST had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the OST.

Custodial Credit Risk: The OST investment policy requires that securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the OST's exposure to risk and ensure the safety of the investment.

During Fiscal Year 2014, there were no violations of legal or contractual provisions or any losses resulting from a default by either the borrowers or the securities lending agent.

Derivatives: Derivative management responsibilities as authorized by statute are as follows:

WSIB: is authorized to utilize various derivative financial instruments, including financial futures, forward contracts, interest rate swaps, credit default swaps, equity swaps and options. Derivative transactions involve, to varying degrees, market and credit risk. At June 30, 2014, the Retirement Funds held investments in financial futures and forward currency contracts that are recorded at fair value with changes in value recognized in investment income in the Statement of Changes in Fiduciary Net Position in the period of change. The derivative instruments are considered investment derivatives and not hedging derivatives.

Derivatives are generally used to achieve the desired market exposure of a security, index or currency, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. Derivative contracts are instruments that derive their value from underlying assets, indices, reference interest rates, or a combination of these factors. A derivative instrument could be a contract negotiated on behalf of the Retirement Funds and a specific counterparty. This would typically be referred to as an "over the counter (OTC) contract" such as forward contracts. Alternatively, derivative instruments, such as futures, could be listed and traded on an exchange, and referred to as "exchange traded."

Derivatives which are exchange traded are not subject to credit risk.

Inherent in the use of OTC derivatives, the Retirement Funds are exposed to counterparty credit risk on all open OTC positions. Counterparty credit risk is the risk that a derivative counterparty may fail to meet its payment obligation under the derivative contract. As of June 30, 2014, the Retirement Funds' counterparty risk was not deemed to be significant.

Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. Gains and losses on futures contracts are settled daily based on an underlying principal value and do not involve an

actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and generally requires margin payments to minimize such risk. Futures are generally used to achieve the desired market exposure of a security or index or rebalance the total portfolio.

Forward currency contracts are agreements to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. These forward commitments are not standardized and carry credit risk due to the possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened; however, the likelihood of such loss is remote.

At June 30, 2014, the Retirement Funds had outstanding forward currency contracts with a net unrealized gain of \$14.8 million which is included in the accompanying Statement of Changes in Fiduciary Net Position. The contracts have varying maturity dates ranging from July 31, 2014 to September 17, 2014.

At June 30, 2014, the counterparties' credit ratings for forwards currency contracts that are subject to credit risk had a credit rating of no less than Baa1 using the Moody's rating scale.

At June 30, 2014, the Retirement Funds' fixed income portfolio held derivative securities consisting of collateralized mortgage obligations of \$163 million. Domestic and foreign passive equity index fund managers may also utilize various derivative securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative securities by passive equity index fund managers is unavailable.

The following schedule presents the significant terms for derivatives held as investments by WSIB.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies and Plan Asset Matters (continued)

Derivatives Schedule				
Significant terms for derivatives held as investments by WSIB – Expressed in Thousands				
	Classification	Changes in Fair Value – Included in Investment Income	Fair Value at June 30, 2014 – Investment Derivative	
		Amount	Amount	Notional
Futures Contracts				
Bond Index Futures	Investment	\$ 20,107	\$ 3,381	\$ 767,167
Equity Index Futures	Investment	18,261	(194)	539
Total		\$ 38,368	\$ 3,187	\$ 767,706
Forward Currency Contracts				
Australian Dollar	Investment	\$ (1,960)	\$ (562)	\$ 29,185
Canadian Dollar	Investment	5,089	7,087	247,237
Danish Krone	Investment	3,811	(50)	10,352
Euro Currency	Investment	(12,796)	(1,101)	189,932
Hong Kong Dollar	Investment	(139)	3	17,478
Japanese Yen	Investment	4,701	(1,042)	132,812
New Israeli Shekel	Investment	(229)	(52)	5,167
New Zealand Dollar	Investment	19,040	4,524	151,941
Norwegian Krone	Investment	(46)	340	16,245
Pound Sterling	Investment	11,663	2,286	133,478
Singapore Dollar	Investment	755	(1)	68
Swedish Krona	Investment	132	(3)	69,964
Swiss Franc	Investment	788	(254)	29,315
Miscellaneous	Investment	37	–	–
Total		\$ 30,846	\$ 11,175	\$ 1,033,174

OST: The OST did not engage in derivative transactions during Fiscal Year 2014.

Certain investment types in DRS' portfolio cannot be categorized within the guidelines established by GASB Statement Number 3. These investments total approximately \$61.1 billion in both carrying value and fair value.

Deferred Compensation Program (DCP), Judicial Retirement Account (JRA) and Defined Contribution - SELF Plan Assets: The assets within DCP, JRA and the SELF investments total \$7.7 billion and represent less than ten percent of the total investments administered by DRS. (Please refer to the Investment Maturities schedule on page 34 of this report). Participation and membership in these plans is voluntary. Although withdrawals from the plans is restricted to those that

have left employment (except in the case of hardship withdrawals from DCP), the participant/members own these assets, have full control over the investment choices made, and assume the responsibility for the results of those choices.

The composition of these assets is as follows:

46% Retirement Strategy Funds (Target Date Funds)— These funds are customized asset allocation portfolios, managed by investment professionals contracted by WSIB, that offer investors a diversified mix of equities, bonds, and global REITs, in five-year increments. Each of these funds has both actively and passively managed investments. The investment mix becomes progressively more conservative over time as the fund approaches and passes through its target date for retirement. These funds are not publicly traded and thus have no ratings.

Foreign credit risk and fixed income exposure are deemed immaterial for these funds at June 30, 2014.

24% Equity Index Funds—There are four funds in this category, all are passively managed, and all seek to meet or surpass the returns of established benchmarks.

12% Guaranteed Investment Contracts (GIC)—GICs are valued at contract value as estimated by the respective insurance companies or investment managers. GICs provide a guaranteed return on the principal invested over a specified time period. The GIC pool has no credit rating because it is not a publicly traded fund. The pool has no duration since GICs are priced at par. The GIC pool contains no foreign currency exposure at June 30, 2014.

7% Money Market Funds—There are two money market funds in this portfolio. Neither is publicly traded.

3% US Socially Responsible Fund—This is a balanced fund containing both equities and fixed income components.

8% Bond Fund—The Washington State Bond Fund has no rating because it is not publicly traded. Refer to the tables below for the maturities, effective duration, and credit ratings of its underlying securities.

Investment Maturities

As of June 30, 2014 – Expressed in Thousands

Investment Type	Total Fair Value	Maturity				Effective Duration
		Less than one year	1-5 Years	6-10 Years	More than 10 Years	
Corporate Bonds	\$ 597,314	\$ 39,542	\$ 320,348	\$ 230,715	\$ 6,709	4.24
Foreign Government and Agency Securities	44,959	5,166	27,617	12,176	—	3.74
Total Categorized Investments	\$ 642,273	\$ 44,709	\$ 347,965	\$ 242,891	\$ 6,709	

Credit Ratings (Moody's Equivalent)

As of June 30, 2014 – Expressed in Thousands

Investment Type	Fair Value	Moody's Equivalent Credit Rating										
		Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1
Corporate Bonds	\$ 597,314	\$ 42,765	\$ 2,003	\$ —	\$ 66,772	\$ 44,014	\$ 76,437	\$ 89,017	\$ 72,143	\$ 103,938	\$ 89,964	\$ 10,260
Foreign Government and Agency Securities	44,959	6,119	2,860	14,940	11,045	2,871	—	—	—	7,124	—	—
Total	\$ 642,273	\$ 48,884	\$ 4,862	\$ 14,940	\$ 77,818	\$ 46,886	\$ 76,437	\$ 89,017	\$ 72,143	\$ 111,062	\$ 89,964	\$ 10,260

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies and Plan Asset Matters (continued)

Management Fees: The fees paid by the WSIB are accounted for as a reduction of investment income or are netted directly from the asset value of the Retirement Funds' investments. These fees include investment management fees and commissions, investment consultant fees and legal fees. As of June 30, 2014, total investment management fees paid were \$315.2 million and total netted fees totaled \$26.1 million. For a detailed disclosure, refer to the Schedule of Investment Expenses in the Supporting Schedules of the Financial Section of this report.

Unfunded Commitments: The WSIB has entered into agreements that commit the DRS pension funds, upon request, to make additional investment purchases up to a predetermined amount. As of June 30, 2014, the Retirement Funds had the following unfunded investment commitments in millions of dollars:

Unfunded Commitments As of June 30, 2014 – Expressed in Millions	
Innovation Portfolio	\$26.7
Private Equity Partnerships	\$10,369.3
Real Estate	\$8,405.3
Tangible Assets	\$1,124.9

I. Reserves

Member Reserves: The member reserves reflect the total liability for all contributions made by members. These reserves are increased by employee contributions and interest earnings and are decreased by contributions refunded and contributions transferred to the benefit reserves for current year retirees. The member reserves are considered fully funded.

Because the PERS Plan 3, SERS Plan 3 and TRS Plan 3 defined contribution plans each offer two separate investment programs to members, DRS maintains two separate member reserves for each defined contribution plan. The "PERS Plan 3–WSIB," "SERS Plan 3–WSIB"

and "TRS Plan 3–WSIB" reserves account for members who participate in the investment programs offered by the Washington State Investment Board (WSIB). The "PERS Plan 3–SELF," "SERS Plan 3–SELF" and "TRS Plan 3–SELF" reserves account for members who participate in the self-directed investment offerings.

Member reserves as of June 30, 2014 and 2013 are as follows:

Member Reserves as of June 30, 2014 and 2013 Expressed in Thousands		
	June 30, 2014	June 30, 2013
PERS Plan 1	\$ 675,887	\$ 749,190
PERS Plan 2/3	5,415,618	5,087,740
PERS Plan 3-WSIB	1,355,131	1,128,774
PERS Plan 3-SELF	964,990	829,310
SERS Plan 2/3	416,841	387,548
SERS Plan 3-WSIB	1,226,442	1,046,277
SERS Plan 3-SELF	423,828	372,191
PSERS Plan 2	123,513	102,816
TRS Plan 1	358,205	451,486
TRS Plan 2/3	590,989	551,728
TRS Plan 3-WSIB	4,232,176	3,531,252
TRS Plan 3-SELF	2,730,775	2,352,328
LEOFF Plan 1	23,420	27,340
LEOFF Plan 2	2,266,386	2,136,678
WSPRS Plans 1/2	84,325	81,651
JRS	–	1
Judges	–	–
Total Member Reserves	\$ 20,888,526	\$ 18,836,310

Benefit Reserves: The benefit reserves reflect the funded liability associated with all retired members of DRS administered systems. These reserves are increased by employer contributions, state contributions, investment earnings, and employee contributions which are attributable to current year retirees. These reserves are decreased by the amounts of pensions actually paid in the current year, interest payments transferred to the member reserves, and administrative expenses in support of the trust funds.

Benefit Reserves as of June 30, 2014 and 2013 are as follows:

Benefit Reserves as of June 30, 2014 and 2013 Expressed in Thousands		
	June 30, 2014	June 30, 2013
PERS Plan 1	\$ 7,265,678	\$ 6,597,632
PERS Plan 2/3	22,683,199	18,371,361
SERS Plan 2/3	3,439,248	2,824,376
PSERS Plan 2	179,857	123,295
TRS Plan 1	6,136,035	5,676,015
TRS Plan 2/3	9,199,514	7,557,549
LEOFF Plan 1	5,695,389	5,112,449
LEOFF Plan 2	6,975,121	5,494,917
LEOFF Plan 2-Medical	9,296	5,802
WSPRS Plans 1/2	1,014,045	873,819
WSPRS Plans 1/2-Medical	58	49
JRS	5,035	3,903
Judges	956	1,398
Total Benefit Reserves	\$ 62,603,431	\$ 52,642,565

The funded status of each of the benefit reserves is the same as the funded status of each of the respective pension plans. The funded status of the pension plans is shown in the Solvency Test schedules in the Actuarial Section of this report.

J. Capital Assets

All capital assets with a unit cost (including ancillary costs) of \$5,000 or greater are capitalized and reported in the accompanying financial statements. Capital leases with a net present value or fair market value, whichever is less, of \$10,000 or more are capitalized and also included in these financial statements. All purchased capital assets are valued at cost where historical records exist. Donated capital assets are valued at their estimated fair market value on the date of donation. Where necessary, estimates of original cost and fair market value are derived by factoring price levels from the current period to the time of acquisition.

Capital asset costs include the purchase price or construction cost, plus those costs necessary to place the asset in its intended location and condition for use. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Depreciation is calculated using the straight-line method with estimated useful lives of 5 to 50 years for buildings, and 3 to 50 years for furnishings and equipment, other improvements and miscellaneous capital assets.

Following is a summary of changes in capital assets for Fiscal Year 2014.

Changes in Capital Assets For Fiscal Year 2014 – Expressed in Thousands				
Assets	Beginning Balance	Acquisition/ Increase Depreciation	Disposal	Ending Balance
Improvements (Other than Buildings)	\$ 662	\$ –	\$ (17)	\$ 645
Furnishings & Equipment	1,732	120	(56)	1,796
Accumulated Depreciation	(2,102)	(133)	73	(2162)
Total	\$ 292	\$ (13)	\$ –	\$ 279

K. Leases

DRS leases land, office facilities, office and computer equipment. Lease terms vary. Leases are considered non-cancelable for financial reporting purposes. All DRS leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following schedule presents future minimum payments for operating leases as of June 30, 2014:

Future Minimum Payments for Operating Leases As of June 30, 2014 – Expressed in Thousands		
By Fiscal Year:	2015	\$ 1,490
	2016	1,397
	2017	1,231
	2018	1,231
	2019 (and beyond)	820
Total Future Minimum Payments		\$ 6,169

The total operating lease rental expenditure for Fiscal year 2014 was \$1.5 million.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies and Plan Asset Matters (continued)

L. Other Long-Term Obligations

Annual leave: DRS employees accrue annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 30 days at the employee's anniversary date. The expense and accrued liability is recognized when the annual leave is earned. DRS' liability for accumulated annual leave was \$1 million as of June 30, 2014.

Sick leave: Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested; i.e. the department does not pay employees for unused sick leave upon termination except upon employee death or retirement, at which time DRS is liable for 25 percent of the employee's accumulated sick leave. In addition, the state has a "sick leave buyout option" in which each January, employees who accumulate sick leave in excess of 60 days may redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave. The expense and accrued liability is recognized when the sick leave is earned. DRS' liability for accumulated sick leave was \$0.4 million as of June 30, 2014.

Following is a summary of changes in compensated absences for the fiduciary funds for Fiscal Year 2014.

Changes in Compensated Absences For Fiscal Year 2014 – Expressed in Thousands				
Compensated Absences	Beginning Balance	Additions	Deletions	Ending Balance
Annual Leave	\$ 1,142	\$ 1,019	\$ (1,188)	\$ 973
Sick Leave	444	145	(149)	440
Total	\$ 1,586	\$ 1,164	\$ (1,337)	\$ 1,413

M. Transfers

Transfers from and to other pension plans, as reported in the financial statements, typically reflect routine transfers among the various trust funds resulting from plan membership changes and member-directed defined contribution plan selections. In Fiscal Year 2014, these transfers totaled \$4.8 million and represented a decrease of \$0.8 million from the previous year.

In Fiscal Year 2014 there were no transfers to other funds which represented a decrease of \$4.3 million from the prior fiscal year.

N. Contingencies – Litigation

As a state agency, DRS is party to legal proceedings that normally occur in governmental operations. There are pending legal actions involving DRS. For each pending legal action, DRS has good defenses and will continue to vigorously defend each case.

In the case of WEA, et al., v. Dept. of Retirement Systems & State of Washington, Costello, et al., v. Dept. of Retirement Systems & State of Washington, WFSE, et al., v. Dept. of Retirement Systems & State of Washington, King County Superior Court No. 07-2-17203-3 SEA, Washington Supreme Court No. 87424-7 plaintiffs challenged the 2007 Legislature's repeal of gainsharing and the repeal of replacement benefits if gainsharing was restored. Three cases were filed in King County Superior Court and consolidated into one case. The case was brought as a class action.

The Washington Supreme Court found in favor of the State and DRS by reversing the trial court, holding that the Legislature had the authority to reserve the right to repeal gainsharing, and the repeal of gainsharing was lawful.

The Washington Supreme Court will issue the mandate to conclude the case since the plaintiff class members did not file a motion for reconsideration by the deadline of September 3, 2014.

There is no financial loss to the State, DRS or to the trust funds DRS administers.

In the case of WEA, WFSE & RPEC v. Dept. of Retirement Systems and State of Washington, Thurston County Superior Court No. 11-2-02213-4, Washington Supreme Court No. 88546-0, unions representing PERS Plan 1 and TRS Plan 1 members and retirees filed a lawsuit in October 2011 alleging, among other claims, that the 2011 Legislature's suspension of the annual adjustment to the Plan 1 retirement benefit violated their constitutionally protected contract rights.

The Washington Supreme Court found in favor of the State and the DRS by reversing the trial court holding that the Legislature had the authority to reserve the right to repeal the UCOLA and, therefore, the repeal of the UCOLA was lawful.

The Washington Supreme Court will issue the mandate to conclude the case since the plaintiff class members did not file a motion for reconsideration by the deadline of September 3, 2014.

There is no financial loss to the State, DRS or to the trust funds DRS administers.

O. Adoption of New Accounting Standards

GASB Statement No. 67, Financial Reporting for Pension Plans, became effective for financial statements for fiscal years beginning after June 15, 2013. This report has been prepared to conform with this newly adopted GASB statement.

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Notes to the Financial Statements

Note 2: General Description of the Retirement Systems

A. General

The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. As established in the Revised Code of Washington (RCW) chapter 41.50, the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments.

The Governor appoints the Director of DRS. Administration of the retirement systems is funded by a current employer rate of 0.18 percent of reported compensation.

The retirement systems are comprised of 12 defined benefit pension plans and three combination defined benefit plans with defined contribution components, as follows:

Public Employees’ Retirement System (PERS)

- Plan 1 —defined benefit
- Plan 2 —defined benefit
- Plan 3 —defined benefit/defined contribution

Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

- Plan 1 —defined benefit
- Plan 2 —defined benefit

School Employees’ Retirement System (SERS)

- Plan 2 —defined benefit
- Plan 3 —defined benefit/defined contribution

Washington State Patrol Retirement System (WSPRS)

- Plan 1 —defined benefit
- Plan 2 —defined benefit

Public Safety Employees’ Retirement System (PSERS)

- Plan 2 —defined benefit

Judicial Retirement System (JRS)

- Defined benefit

Teachers’ Retirement System (TRS)

- Plan 1 —defined benefit
- Plan 2 —defined benefit
- Plan 3 —defined benefit/defined contribution

Judges’ Retirement Fund (Judges)

- Defined benefit

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

Number of Participating Members					
Plan	Retirees and Beneficiaries Receiving Benefits	Terminated Members Entitled to But Not Yet Receiving Benefits	Active Plan Members Vested	Active Plan Members Nonvested	Total
PERS Plan 1	51,860	1,384	5,389	264	58,897
PERS Plan 2	31,329	25,383	89,387	26,364	172,463
PERS Plan 3	2,139	4,280	12,297	17,005	35,721
SERS Plan 2	5,084	5,190	13,494	8,266	32,034
SERS Plan 3	3,995	6,398	20,282	10,253	40,928
PSERS Plan 2	43	119	2,784	1,729	4,675
TRS Plan 1	35,912	391	2,379	14	38,696
TRS Plan 2	3,445	2,330	6,062	6,009	17,846
TRS Plan 3	4,863	7,102	35,357	16,114	63,436
LEOFF Plan 1	7,729	1	143	–	7,873
LEOFF Plan 2	2,782	698	14,389	2,298	20,167
WSPRS Plan 1	964	119	657	–	1,740
WSPRS Plan 2	–	10	257	152	419
JRS	114	–	–	–	114
Judges	12	–	–	–	12
Total	150,271	53,405	202,877	88,468	495,021

The latest actuarial valuation date for all plans was June 30, 2013.
Source: Washington State Office of the State Actuary

Number of Participating Employers					
Plan	Component Units of the State of WA	Counties/Municipalities	School Districts	Other Political Subdivisions	Total
PERS Plan 1	128	147	212	147	634
PERS Plan 2	169	275	–	490	934
PERS Plan 3	158	209	–	306	673
SERS Plan 2	–	–	303	–	303
SERS Plan 3	–	–	300	–	300
PSERS Plan 2	9	65	–	1	75
TRS Plan 1	36	–	228	–	264
TRS Plan 2	22	–	295	–	317
TRS Plan 3	39	–	302	–	341
LEOFF Plan 1	–	36	–	9	45
LEOFF Plan 2	8	204	–	157	369
WSPRS Plan 1	1	–	–	–	1
WSPRS Plan 2	1	–	–	–	1
Total	571	936	1,640	1,110	4,257

Employers can participate in multiple systems and/or plans. The actual total number of participating employers as of June 30, 2014 is 1,319; of which 171 are component units of the State. For a listing of the covered employers, refer to the Statistical Section of this report.

B. System and Plan Descriptions

Public Employees' Retirement System (PERS)

Administration PERS was established in 1947 and its retirement benefit provisions are contained in chapters 41.34 and 41.40 RCW. PERS is a cost-sharing multiple-employer retirement system comprised of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined benefit plans, and PERS Plan 3 is a defined benefit plan with a defined contribution component.

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1

As of June 30, 2014, there were 507 employers and 610 non-employer contributing entities participating in PERS Plan 1. PERS Plan 1 is closed to new entrants.

Plan membership At June 30, 2013 (the date of the latest valuation), PERS Plan 1 membership consisted of the following:

PERS Plan 1	
Inactive plan members or beneficiaries currently receiving benefits	51,860
Inactive plan members entitled to but not yet receiving benefits	1,384
Active plan members	5,653
Total Membership	58,897

Vesting PERS 1 members were vested after the completion of five years of eligible service.

Benefits provided PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

Members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Contributions The PERS Plan 1 member contribution rate is established by statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent.

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) at the close of Fiscal Year 2014 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
State agencies	9.21%	6.00%
Local governmental units	9.21%	6.00%

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

Investments

Investment policy The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of WSIB-adopted investment policies for the various asset classes.

General information about the Retirement Funds' investments, their valuation, classifications, concentrations and maturities can be found in Note 1: Summary of Significant Accounting Policies and Plan Asset Matters.

Rate of return¹ For the year ended June 30, the annual money-weighted rate of return on PERS Plan 1 pension investments, net of pension plan investment expense, was 16.98 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

Net Pension Liability of Participating Employers

The components of the net pension liability of PERS 1 at June 30, 2014 were as follows:

PERS Plan 1 Dollars in Thousands	
Total pension liability	\$ 12,979,104
Plan fiduciary net position	(7,941,557)
Participating employers' net pension liability	\$ 5,037,547
Plan fiduciary net position as a percentage of the total pension liability	61.19%

Actuarial assumptions² The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement.

PERS Plan 1	
Inflation:	3.0% total economic inflation, 3.75% salary inflation
Salary Increases:	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return:	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs).

The CMAs contain three pieces of information for each class of assets the WSIB currently invest in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

¹ Money-weighted rates of return provided by the Washington State Investment Board.

² CMAs and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in their selection of the long-term expected rate of return for purposes of GASB statement 67.

The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

PERS Plan 1	
Asset Class	% Long-term Expected Real Rate of Return
Fixed Income	0.80%
Tangible Assets	4.10%
Real Estate	5.30%
Global Equity	6.05%
Private Equity	9.05%

The inflation component used to create the above table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount rate The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the Long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3, PSERS Plan 2 and SERS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to

make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability of the employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

PERS Plan 1			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employers' net pension liability (in thousands of dollars)	\$6,209,270	\$5,037,547	\$4,031,738

PERS Plan 2/3

As of June 30, 2014, there were 766 employers participating in PERS Plan 2/3.

Plan membership At June 30, 2013 (the date of the latest valuation), PERS Plan 2/3 membership consisted of the following:

PERS Plan 2/3		
	Plan 2	Plan 3
Inactive plan members or beneficiaries currently receiving benefits	31,329	2,139
Inactive plan members entitled to but not yet receiving benefits	25,383	4,280
Active plan members	115,751	29,302
Total Membership	172,463	35,721

Vesting PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

Benefits provided PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

The AFC is the monthly average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age, for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 2, 2013:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service

PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit.

Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries

Contributions The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability and an administrative expense that is currently set at 0.18 percent.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) at the close of Fiscal Year 2014 were as follows:

PERS Plan 2/3			
Actual Contribution Rates	Employer	Employee Plan 2	Employee Plan 3
State agencies	9.21%	4.92%	0%
Local governmental units	9.21%	4.92%	0%

Investments

Investment policy The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of WSIB-adopted investment policies for the various asset classes.

General information about the Retirement Funds' investments, their valuation, classifications, concentrations and maturities can be found in Note 1: Summary of Significant Accounting Policies and Plan Asset Matters.

Rate of return¹ For the year ended June 30, the annual money-weighted rate of return on PERS Plan 2/3 pension investments, net of pension plan investment expense, was 17.06 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

¹ Money-weighted rates of return provided by the Washington State Investment Board.

Net Pension Liability of Participating Employers

The components of the net pension liability of PERS 2/3 at June 30, 2014 were as follows:

PERS Plan 2/3 Dollars in Thousands	
Total pension liability	\$ 30,120,170
Plan fiduciary net position	(28,098,809)
Participating employers' net pension liability	\$ 2,021,361
Plan fiduciary net position as a percentage of the total pension liability	93.29%

Actuarial assumptions¹ The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

PERS Plan 2/3	
Inflation:	3.0% total economic inflation, 3.75% salary inflation
Salary Increases:	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return:	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation)

are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

PERS Plan 2/3	
Asset Class	% Long-term Expected Real Rate of Return
Fixed Income	0.80%
Tangible Assets	4.10%
Real Estate	5.30%
Global Equity	6.05%
Private Equity	9.05%

The inflation component used to create the above table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

¹CMAs and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in their selection of the long-term expected rate of return for purposes of GASB statement 67.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

Discount rate The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability of the employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate.

PERS Plan 2/3			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employers' net pension liability (in thousands of dollars)	\$8,431,530	\$2,021,361	\$(2,874,815)

PERS Plan 3

As of June 30, 2014, there were 516 employers participating in PERS Plan 3.

Plan membership At June 30, 2013 (the date of the latest valuation), PERS Plan 3 membership consisted of the following:

PERS Plan 3	
Inactive plan members or beneficiaries currently receiving benefits	2,139
Inactive plan members entitled to but not yet receiving benefits	4,280
Active plan members	29,302
Total Membership	35,721

Vesting PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Benefits provided PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions.

Contributions PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by chapter 41.34 RCW Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits.

School Employees' Retirement System (SERS)

Administration The Legislature created SERS in 1998 to be effective in 2000. SERS retirement benefit provisions are established in chapters 41.34 and 41.35 RCW. SERS is a cost-sharing multiple-employer retirement system comprised of two separate plans for membership purposes. SERS Plan 2 is defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component. SERS members include classified employees of school districts and educational service districts.

SERS is reported as two separate plans for accounting purposes: Plan 2/3 and Plan 3. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension

trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

SERS Plan 2/3

As of June 30, 2014, there were 303 employers participating in SERS Plan 2/3.

Plan membership At June 30, 2013 (the date of the latest valuation), SERS Plan 2/3 membership consisted of the following:

SERS Plan 2/3		
	Plan 2	Plan 3
Inactive plan members or beneficiaries currently receiving benefits	5,084	3,995
Inactive plan members entitled to but not yet receiving benefits	5,190	6,398
Active plan members	21,760	30,535
Total Membership	32,034	40,928

Vesting SERS 2 members are vested after completing five years of eligible service. SERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

Benefits provided SERS provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and one percent of AFC for Plan 3. The AFC is the monthly average of the member's 60 highest-paid consecutive service months before retirement, termination or death. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. SERS members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by a

factor that varies according to age, for each year before age 65. SERS members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 2, 2013:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

SERS members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

SERS retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit.

Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Contributions The SERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the defined benefits of Plan 2/3. The employer rate includes components to address the PERS Plan 1 unfunded actuarial accrued liability an administrative expense currently set at 0.18 percent.

The SERS Plan 2/3 required defined benefit contribution rates (expressed as a percentage of covered payroll) at the close of Fiscal Year 2014 were as follows:

SERS Plan 2/3			
Actual Contribution Rates	Employer	Employee Plan 2	Employee Plan 3
State agencies and Higher Education	9.82%	4.64%	0%
Local governmental units	9.82%	4.64%	0%

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

Investments

Investment policy The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of WSIB-adopted investment policies for the various asset classes in which the WSIB invests.

General information about the Retirement Funds' investments, their valuation, classifications, concentrations and maturities can be found in Note 1: Summary of Significant Accounting Policies and Plan Asset Matters.

Rate of return¹ For the year ended June 30, the annual money-weighted rate of return on SERS Plan 2/3 pension investments, net of pension plan investment expense, was 17.08 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

Net Pension Liability of Participating Employers

The components of the net pension liability of SERS 2/3 at June 30, 2014 were as follows:

SERS Plan 2/3 Dollars in Thousands	
Total pension liability	\$ 4,066,004
Plan fiduciary net position	(3,856,083)
Participating employers' net pension liability	\$ 209,921
Plan fiduciary net position as a percentage of the total pension liability	94.84%

Actuarial assumptions² The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to June 30, 2014,

using the following actuarial assumptions, applied to all prior periods included in the measurement:

SERS Plan 2/3

Inflation:	3.0% total economic inflation, 3.75% salary inflation
Salary Increases:	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return:	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs).

The CMAs contain three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

¹Money-weighted rates of return provided by the Washington State Investment Board.

²CMAs and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in their selection of the long-term expected rate of return for purposes of GASB statement 67.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

SERS Plan 2/3	
Asset Class	% Long-term Expected Real Rate of Return
Fixed Income	0.80%
Tangible Assets	4.10%
Real Estate	5.30%
Global Equity	6.05%
Private Equity	9.05%

The inflation component used to create the preceding table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount rate The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability of the employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

SERS Plan 2/3			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employers' net pension liability (in thousands of dollars)	\$1,021,733	\$209,921	\$(419,289)

SERS Plan 3

As of June 30, 2014, there were 300 employers participating in SERS Plan 3.

Plan membership At June 30, 2013 (the date of the latest valuation), SERS Plan 3 membership consisted of the following:

SERS Plan 3	
Inactive plan members or beneficiaries currently receiving benefits	3,995
Inactive plan members entitled to but not yet receiving benefits	6,398
Active plan members	30,535
Total Membership	40,928

Vesting Plan 3 members are immediately vested in the defined contribution portion of their plan.

Benefits provided SERS Plan 3 defined contributions benefits are totally dependent on employee contributions and the investment earnings on those contributions.

Contributions SERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by chapter 41.34 RCW Plan 3 required defined contribution rates are set at a minimum of

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits.

Public Safety Employees' Retirement System (PSERS)

Administration PSERS was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by chapter 41.37 RCW. PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30, 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

Covered employers of PSERS include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol)
- Washington State Counties
- Washington State Cities (except for Seattle, Spokane, and Tacoma)
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.
- To be eligible for PSERS, an employee must work on a full time basis and:
- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or

- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS is comprised of one plan for accounting purposes: Plan 2. Plan 2 accounts for the defined benefits of Plan 2 members.

PSERS Plan 2

As of June 30, 2014, there were 67 employers participating in PSERS Plan 2.

Plan membership At June 30, 2013 (the date of the latest valuation), PSERS Plan 2 membership consisted of the following:

PSERS Plan 2	
Inactive plan members or beneficiaries currently receiving benefits	43
Inactive plan members entitled to but not yet receiving benefits	119
Active plan members	4,513
Total Membership	4,675

Vesting PSERS Plan 2 members are vested after completing five years of eligible service.

Benefits provided PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service.

Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service.

Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2

retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Contributions The PSERS Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2014 were as follows:

PSERS Plan 2		
Actual Contribution Rates	Employer	Employee
State agencies	10.54%	6.36%
Local governmental units	10.54%	6.36%

Investments

Investment policy The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of WSIB-adopted investment policies for the various asset classes.

General information about the Retirement Funds' investments, their valuation, classifications, concentrations and maturities can be found in Note 1: Summary of Significant Accounting Policies and Plan Asset Matters.

Rate of return¹ For the year ended June 30, the annual money-weighted rate of return on PSERS Plan 2 pension investments, net of pension plan investment expense, was 16.94 percent. This money-weighted rate of return

expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

Net Pension Liability of Participating Employers

The components of the net pension liability of PSERS 2 at June 30, 2014 were as follows:

PSERS Plan 2 Dollars in Thousands	
Total pension liability	\$ 288,888
Plan fiduciary net position	(303,369)
Participating employers' net pension liability	\$ (14,481)
Plan fiduciary net position as a percentage of the total pension liability	105.01%

Actuarial assumptions² The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

PSERS Plan 2	
Inflation:	3.0% total economic inflation, 3.75% salary inflation
Salary Increases:	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return:	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the 2007-2012 Experience Study.

¹Money-weighted rates of return provided by the Washington State Investment Board.

²CMAAs and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAAs in their selection of the long-term expected rate of return for purposes of GASB statement 67.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

WSIB uses the CMAs and their target asset to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

PSERS Plan 2	
Asset Class	% Long-term Expected Real Rate of Return
Fixed Income	0.80%
Tangible Assets	4.10%
Real Estate	5.30%
Global Equity	6.05%
Private Equity	9.05%

The inflation component used to create the above table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount rate The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability of the employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

PSERS Plan 2			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employers' net pension liability (in thousands of dollars)	\$80,920	\$(14,481)	\$(82,217)

Teachers' Retirement System (TRS)

Administration TRS was established in 1938 and its retirement benefit provisions are contained in chapters 41.32 and 41.34 RCW. TRS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. TRS eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity.

TRS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

TRS Plan 1

As of June 30, 2014, there were 229 employers and 71 non-employer contributing entities participating in TRS Plan 1. TRS Plan 1 is closed to new entrants.

Plan membership At June 30, 2013 (the date of the latest valuation), TRS Plan 1 membership consisted of the following:

TRS Plan 1	
Inactive plan members or beneficiaries currently receiving benefits	35,912
Inactive plan members entitled to but not yet receiving benefits	391
Active plan members	2,393
Total Membership	38,696

Vesting TRS 1 members were vested after the completion of five years of eligible service.

Benefits provided TRS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC), for each year of service credit, up to a maximum of 60 percent, divided by twelve. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two. Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Other benefits include temporary and permanent disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Contributions The TRS Plan 1 member contribution rate is established by statute at six percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component currently set at 0.18 percent.

The TRS Plan 1 required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2014 were as follows:

TRS Plan 1		
Actual Contribution Rates	Employer	Employee
State agencies	10.39%	6.00%
Local governmental units	10.39%	6.00%

Investments

Investment policy The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of WSIB-adopted investment policies for the various asset classes.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

General information about the Retirement Funds' investments, their valuation, classifications, concentrations and maturities can be found in Note 1: Summary of Significant Accounting Policies and Plan Asset Matters.

Rate of return¹ For the year ended June 30, the annual money-weighted rate of return on TRS Plan 1 pension investments, net of pension plan investment expense, was 16.97 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

Net Pension Liability of Participating Employers

The components of the net pension liability of TRS 1 at June 30, 2014 were as follows:

TRS Plan 1 Dollars in Thousands	
Total pension liability	\$ 9,443,688
Plan fiduciary net position	(6,494,234)
Participating employers' net pension liability	<u>\$ 2,949,454</u>
Plan fiduciary net position as a percentage of the total pension liability	68.77%

Actuarial assumptions² The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

TRS Plan 1	
Inflation:	3.0% total economic inflation, 3.75% salary inflation
Salary Increases:	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return:	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional

mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

WSIB uses the CMAs and their target asset allocation (to simulate future investment returns over various time horizons).

The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period.

¹Money-weighted rates of return provided by the Washington State Investment Board.

²CMAs and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in their selection of the long-term expected rate of return for purposes of GASB statement 67.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

TRS Plan 1	
Asset Class	% Long-term Expected Real Rate of Return
Fixed Income	0.80%
Tangible Assets	4.10%
Real Estate	5.30%
Global Equity	6.05%
Private Equity	9.05%

The inflation component used to create the above table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount rate The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including TRS Plan 2/3, whose rates include a component for the TRS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability of the employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using

a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

TRS Plan 1			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employers' net pension liability (in thousands of dollars)	\$3,795,551	\$2,949,454	\$2,223,192

TRS Plan 2/3

As of June 30, 2014, there were 303 employers participating in TRS Plan 2/3.

Plan membership At June 30, 2013 (the date of the latest valuation), TRS Plan 2/3 membership consisted of the following:

TRS Plan 2/3		
	Plan 2	Plan 3
Inactive plan members or beneficiaries currently receiving benefits	3,445	4,863
Inactive plan members entitled to but not yet receiving benefits	2,330	7,102
Active plan members	12,071	51,471
Total Membership	17,846	63,436

Vesting TRS 2 members are vested after completing five years of eligible service. TRS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

Benefits provided TRS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) per year of service for Plan 2 members and one percent of AFC for Plan 3 members. The AFC is the monthly average of the 60 consecutive highest-paid service credit months. There is no cap on years of service credit. Members are eligible for normal retirement at the age of 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. TRS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

The benefit is reduced by a factor that varies according to age, for each year before age 65. TRS Plan 2/3 members who have 30 or more years of service credit, were hired prior to May 1, 2013, and are at least 55 years old, can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

TRS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age. This option is available only to those who are age 55 or older and have at least 30 years of service.

TRS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit.

Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Contributions The TRS Plan 2/3 member and employer contribution rates are developed by the Office of the State Actuary to fully fund the defined benefits of Plan 2/3. The employer rate also includes components to address the TRS Plan 1 unfunded actuarial accrued liability and an administrative expense currently set at 0.18 percent.

The TRS Plan 2/3 required defined benefit contribution rates (expressed as a percentage of covered payroll) at the close of Fiscal Year 2014 were as follows:

TRS Plan 2/3			
Actual Contribution Rates	Employer	Employee Plan 2	Employee Plan 3
State agencies and Higher Education	10.39%	4.96%	0%
Local governmental units	10.39%	4.96%	0%

Investments

Investment policy The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of WSIB-adopted investment policies for the various asset classes.

General information about the Retirement Funds' investments, their valuation, classifications, concentrations and maturities can be found in Note 1: Summary of Significant Accounting Policies and Plan Asset Matters.

Rate of return¹ For the year ended June 30, the annual money-weighted rate of return on TRS Plan 1 pension investments, net of pension plan investment expense, was 17.07 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

Net Pension Liability of Participating Employers

The components of the net pension liability of TRS 2/3 at June 30, 2014 were as follows:

TRS Plan 2/3 Dollars in Thousands	
Total pension liability	\$ 10,113,479
Plan fiduciary net position	(9,790,490)
Participating employers' net pension liability	\$ 322,989
Plan fiduciary net position as a percentage of the total pension liability	96.81%

¹Money-weighted rates of return provided by the Washington State Investment Board.

Actuarial assumptions¹ The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

TRS Plan 2/3	
Inflation:	3.0% total economic inflation, 3.75% salary inflation
Salary Increases:	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return:	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

TRS Plan 2/3	
Asset Class	% Long-term Expected Real Rate of Return
Fixed Income	0.80%
Tangible Assets	4.10%
Real Estate	5.30%
Global Equity	6.05%
Private Equity	9.05%

The inflation component used to create the above table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount rate The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test.

¹CMAs and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in their selection of the long-term expected rate of return for purposes of GASB statement 67.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability of the employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

TRS Plan 2/3			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employers' net pension liability (in thousands of dollars)	\$2,807,435	\$322,989	\$(1,523,697)

TRS Plan 3

As of June 30, 2014, there were 303 employers contributing entities participating in TRS Plan 3

Plan membership At June 30, 2013 (the date of the latest valuation), TRS Plan 3 membership consisted of the following:

TRS Plan 3	
Inactive plan members or beneficiaries currently receiving benefits	4,863
Inactive plan members entitled to but not yet receiving benefits	7,102
Active plan members	51,471
Total Membership	63,436

Vesting Plan 3 members are immediately vested in the defined contribution portion of their plan.

Benefits provided TRS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions.

Contributions TRS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. TRS Plan 3 members also currently have an annual January rate change window that will cease to exist after January 2015.

As established by chapter 41.34 RCW, the TRS Plan 3 required defined contribution benefit rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF):

Administration LEOFF was established in 1970 and its retirement benefit provisions are contained in chapters 41.26 RCW.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate pension plans. For both membership and accounting purposes. LEOFF plan 1 and LEOFF plan 2 are defined benefit plans. LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians.

LEOFF Plan 1

As of June 30, 2014, there were 45 employers participating in LEOFF Plan 1. LEOFF Plan 1 is closed to new entrants.

Plan membership At June 30, 2013 (the date of the latest valuation), LEOFF Plan 1 membership consisted of the following:

LEOFF Plan 1	
Inactive plan members or beneficiaries currently receiving benefits	7,729
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	143
Total Membership	7,873

Vesting LEOFF 1 members were vested after the completion of five years of eligible service.

Benefits provided LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

LEOFF Plan 1	
Terms of Service	% of FAS
20+	2.0%
10-19	1.5%
5-9	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Contributions The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2014. Employers paid only the administrative expense of 0.18 percent of covered payroll.

Investments

Investment policy The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of WSIB-adopted investment policies for the various asset classes.

General information about the Retirement Funds' investments, their valuation, classifications, concentrations and maturities can be found in Note 1:

Summary of Significant Accounting Policies and Plan Asset Matters

Rate of return¹ For the year ended June 30, the annual money-weighted rate of return on LEOFF Plan 1 pension investments, net of pension plan investment expense, was 17.01 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

Net Pension Liability of Participating Employers

The components of the net pension liability of LEOFF 1 employers at June 30, 2014 were as follows:

LEOFF Plan 1 Dollars in Thousands	
Total pension liability	\$ 4,506,015
Plan fiduciary net position	(5,718,806)
Participating employers' net pension liability	<u>\$(1,212,791)</u>
Plan fiduciary net position as a percentage of the total pension liability	126.91%

Actuarial assumptions² The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

LEOFF Plan 1	
Inflation:	3.0% total economic inflation, 3.75% salary inflation
Salary Increases:	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return:	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

¹Money-weighted rates of return provided by the Washington State Investment Board.

²CMAAs and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAAs in their selection of the long-term expected rate of return for purposes of GASB statement 67.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2013 are summarized in the following table:

LEOFF Plan 1	
Asset Class	% Long-term Expected Real Rate of Return
Fixed Income	0.80%
Tangible Assets	4.10%
Real Estate	5.30%
Global Equity	6.05%
Private Equity	9.05%

The inflation component used to create the previous table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount rate The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability of the employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

LEOFF Plan 1			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employers' net pension liability (in thousands of dollars)	\$ (759,080)	\$ (1,212,791)	\$ (1,598,400)

LEOFF Plan 2

As of June 30, 2014, there were 362 employers participating in LEOFF Plan 2.

Plan membership At June 30, 2013 (the date of the latest valuation), LEOFF Plan 2 membership consisted of the following:

LEOFF Plan 2	
Inactive plan members or beneficiaries currently receiving benefits	2,782
Inactive plan members entitled to but not yet receiving benefits	698
Active plan members	16,687
Total Membership	20,167

Vesting LEOFF Plan 2 members are vested after the completion of five years of eligible service.

Benefits provided LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF plan 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit.

Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Contributions The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18 percent.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) at the close of Fiscal Year 2014 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
State agencies and local governments	5.23%	8.41%
Ports and Universities	8.59%	8.41%

Investments

Investment policy The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of WSIB-adopted investment policies for the various asset classes.

General information about the Retirement Funds' investments, their valuation, classifications, concentrations and maturities can be found in Note 1: Summary of Significant Accounting Policies and Plan Asset Matters.

Rate of return¹ For the year ended June 30, the annual money-weighted rate of return on LEOFF Plan 2 pension investments, net of pension plan investment expense, was 17.04 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

¹Money-weighted rates of return provided by the Washington State Investment Board.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

Net Pension Liability of Participating Employers

The components of the net pension liability of the participating LEOFF 2 employers at June 30, 2014 were as follows:

LEOFF Plan 2 Dollars in Thousands	
Total pension liability	\$ 7,923,759
Plan fiduciary net position	(9,250,802)
Participating employers' net pension liability	<u><u>\$ (1,327,043)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	116.75%

Actuarial assumptions¹ The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

LEOFF Plan 2	
Inflation:	3.0% total economic inflation, 3.75% salary inflation
Salary Increases:	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return:	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation)

are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

LEOFF Plan 2	
Asset Class	% Long-term Expected Real Rate of Return
Fixed Income	0.80%
Tangible Assets	4.10%
Real Estate	5.30%
Global Equity	6.05%
Private Equity	9.05%

The inflation component used to create the preceding table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

¹CMAs and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in their selection of the long-term expected rate of return for purposes of GASB statement 67.

Discount rate The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.50 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability of the employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

LEOFF Plan 2			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employers' net pension liability (in thousands of dollars)	\$567,899	\$(1,327,043)	\$(2,749,073)

Washington State Patrol Retirement System (WSPRS):

Administration WSPRS was established by the Legislature in 1947 and its retirement benefit provisions are contained in chapter 43.43 RCW. WSPRS is a single-employer retirement system comprised of two separate pension plans for membership purposes.

WSPRS Plan 1 and WSPRS Plan 2 are defined benefit plans. WSPRS membership includes only commissioned employees of the Washington State Patrol. WSPRS Plan 1 and Plan 2 are reported as one plan for financial reporting and investment purposes in the same pension fund. All assets of this Plan 1/2 may legally be used to pay the defined benefits of any of the members or beneficiaries.

WSPRS Plan 1/2

As of June 30, 2014, there was 1 employer participating in WSPRS Plan 1/2.

Plan membership At June 30, 2013 (the date of the latest valuation), WSPRS Plan 1/2 membership consisted of the following:

WSPRS Plan 1/2		
	Plan 1	Plan 2
Inactive plan members or beneficiaries currently receiving benefits	964	0
Inactive plan members entitled to but not yet receiving benefits	119	10
Active plan members	657	409
Total Membership	1,740	419

Vesting There is no vesting requirement for active WSPRS Plan 1 or Plan 2 members. Inactive WSPRS members are vested after the completion of five years of eligible service.

WSPRS Plan 1 is closed to new entrants. All new WSPRS members are enrolled in Plan 2.

Benefits provided WSPRS Plan 1/2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final salary (AFS) per year of service, capped at 75 percent. For Plan 1 members, the AFS is based on the average of the 24 consecutive highest-paid service credit months and for Plan 2 members, AFS is based on the average of the 60 consecutive highest-paid service credit months. Active members are eligible for retirement at the age of 55 with no minimum required service credit, or at any age with 25 years of service credit. Members must retire at age 65. WSPRS retirement benefits are actuarially reduced to reflect the choice of a survivor benefit.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

Other benefits include cost-of-living adjustment (COLA), death benefits and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Contributions The WSPRS Plan 1/2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund WSPRS. The employer rate also includes an administrative expense that is currently set at 0.18 percent.

The WSPRS Plan 1/2 required contribution rates (expressed as a percentage of covered payroll) at the close of Fiscal Year 2014 were as follows:

WSPRS Plan 1/2		
Actual Contribution Rates	Employer	Employee
State agencies	8.09%	6.59%

Investments

Investment policy The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of WSIB-adopted investment policies for the various asset classes in which the WSIB invests.

General information about the Retirement Funds' investments, their valuation, classifications, concentrations and maturities can be found in *Note 1: Summary of Significant Accounting Policies and Plan Asset Matters*.

Rate of return¹ For the year ended June 30, the annual money-weighted rate of return on WSPRS Plan 1 pension investments, net of pension plan investment expense, was 17.03 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

Net Pension Liability of Participating Employers

The components of the net pension liability of the WSPRS at June 30, 2014 were as follows:

WSPRS Plan 1/2 Dollars in Thousands	
Total pension liability	\$ 1,072,424
Plan fiduciary net position	(1,098,427)
Participating employers' net pension liability	<u>\$ (26,003)</u>
Plan fiduciary net position as a percentage of the total pension liability	102.42%

Actuarial assumptions² The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

WSPRS Plan 1/2	
Inflation:	3.0% total economic inflation, 3.75% salary inflation
Salary Increases:	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return:	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

¹Money-weighted rates of return provided by the Washington State Investment Board.

²CMAs and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in their selection of the long-term expected rate of return for purposes of GASB statement 67.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

WSPRS Plan 1/2	
Asset Class	% Long-term Expected Real Rate of Return
Fixed Income	0.80%
Tangible Assets	4.10%
Real Estate	5.30%
Global Equity	6.05%
Private Equity	9.05%

The inflation component used to create the above table is 2.70 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability of the employers calculated using the discount rate of 7.50 percent as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

WSPRS Plan 1/2			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employers' net pension liability (in thousands of dollars)	\$156,101	\$(26,003)	\$(168,669)

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

Judicial Retirement System (JRS):

Administration JRS was established by the Legislature in 1971 and its retirement benefit provisions are contained in chapter 2.10 RCW. JRS is a single-employer retirement system. JRS membership include judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts on or after August 9, 1971.

JRS is comprised of and reported as 1 plan for accounting purposes. JRS is closed to new entrants.

Plan membership At June 30, 2013 (the date of the latest valuation), JRS membership consisted of the following:

JRS	
Inactive plan members or beneficiaries currently receiving benefits	114
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	0
Total Membership	114

Vesting JRS members were vested after the completion of fifteen years of eligible service or twelve years if the member left office involuntarily.

Benefits provided JRS provides retirement, disability and death benefits. Retirement benefits are determined as three and one half percent of final average salary (FAS) for members with fifteen years of eligible service and three percent of FAS for members with ten to fourteen years of eligible service. JRS members are eligible for retirement at the age of 60 with 15 years of service, or after 12 years of service (if the member left office involuntarily) with at least 15 years after beginning judicial service. Other benefits include disability and death benefits.

Contributions There were no active plan members in JRS for fiscal year 2014 therefore there were no required employer and employee contributions for JRS.

JRS retirement benefits are financed on a pay-as-you-go basis from a combination of investment earnings and a special funding situation in which the state pays the remaining contributions.

Investments

The Office of State Treasurer (OST) manages all pension assets for JRS.

Investment policy The overall objective of the OST investment policy is to construct an investment portfolio that is optimal or efficient. An optimal or efficient portfolio is one that provides the greatest expected return for a given expected level of risk, or the lowest expected risk for a given expected return.

Eligible investments are only those securities and deposits authorized by statute (chapters 39.58, 39.59, 43.250, and 43.84.080 RCW) and include:

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- Obligations of government-sponsored enterprises that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.
- Banker's acceptances purchased on the secondary market rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. If the banker's acceptance is rated by more than two NRSROs, it must have the highest rating from all of the organizations.
- Commercial paper provided that the OST adheres to policies and procedures of the WSIB regarding commercial paper (RCW 43.84.080(7)).
- Certificates of deposit with financial institutions qualified by the Washington Public Deposit Protection Commission.
- Local Government Investment Pool.
- Obligations of the state of Washington or its political subdivisions.

- General information about the Retirement Funds' investments, their valuation, classifications, concentrations and maturities can be found in Note 1: Summary of Significant Accounting Policies and Plan Asset Matters.

Rate of return¹ For the year ended June 30, the annual money-weighted rate of return on JRS pension investments, net of pension plan investment expense, was 16 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

Net Pension Liability of Participating Employers

The components of the net pension liability of JRS at June 30, 2014 were as follows:

JRS Dollars in Thousands	
Total pension liability	\$ 100,341
Plan fiduciary net position	(5,031)
Participating employers' net pension liability	\$ 95,310
Plan fiduciary net position as a percentage of the total pension liability	5.01%

Actuarial assumptions² The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

JRS	
Inflation:	3.0% total economic inflation
Salary Increases:	None, only inactive participants
Investment rate of return:	4.00%

For JRS, mortality rates were set equal to those used for PERS. Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis,

meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

Discount rate Contributions are made to JRS to ensure cash is available to make benefit payments. Since this plan is operated on a pay-as-you-go basis, the discount rate used to measure the Total Pension Liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 4.29 percent for the June 30, 2014 measurement date.

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability of the employers calculated using the discount rate of 4.29 percent as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.29 percent) or 1-percentage-point higher (5.29 percent) than the current rate.

JRS	Current		
	1% Decrease (3.29%)	Discount Rate (4.29%)	1% Increase (5.29%)
Employers' net pension liability (in thousands of dollars)	\$104,668	\$95,310	\$87,377

¹Money-weighted rates of return provided by the Washington State Investment Board.

²CMAAs and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAAs in their selection of the long-term expected rate of return for purposes of GASB statement 67.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

Judges’ Retirement Fund (JRF):

Administration The Judges’ Retirement Fund (JRF) was established in 1937 and its retirement benefit provisions are contained in chapters 2.12 RCW. JRF is a single-employer retirement system comprised of a single defined benefit plan. JRF members include judges of the Supreme Court, Court of Appeals, or Superior Courts of the state of Washington. JRF was closed to new entrants in 1971.

Judges’ is comprised of and reported as 1 plan for accounting purposes.

Plan membership At June 30, 2013 (the date of the latest valuation), JRF membership consisted of the following:

JRF	
Inactive plan members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	0
Total Membership	12

Vesting JRF members were vested after the completion of eighteen years of eligible service at any age or ten years of eligible service at age 70.

Benefits provided JRF provides disability and retirement benefits.

Contributions There were no active plan members in JRF for fiscal year 2014 therefore there were no required employer and employee contributions. JRF retirement benefits are financed on a pay-as-you-go basis from a combination of investment earnings and a special funding situation in which the state pays the remaining contributions.

Investments

OST manages all pension assets for the Judges’ Retirement Fund.

Investment policy The overall objective of the OST investment policy is to construct an investment portfolio that is optimal or efficient. An optimal or efficient portfolio is one that provides the greatest expected return for a given expected level of risk, or the lowest expected risk for a given expected return.

Eligible investments are only those securities and deposits authorized by statute (chapters 39.58, 39.59, 43.250, and 43.84.080 RCW) and include:

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- Obligations of government-sponsored enterprises that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.
- Banker’s acceptances purchased on the secondary market rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. If the banker’s acceptance is rated by more than two NRSROs, it must have the highest rating from all of the organizations.
- Commercial paper provided that the OST adheres to policies and procedures of the WSIB regarding commercial paper (RCW 43.84.080(7)).
- Certificates of deposit with financial institutions qualified by the Washington Public Deposit Protection Commission.
- Local Government Investment Pool.
- Obligations of the state of Washington or its political subdivisions.

General information about the Retirement Funds’ investments, their valuation, classifications, concentrations and maturities can be found in *Note 1: Summary of Significant Accounting Policies and Plan Asset Matters*.

Rate of return¹ For the year ended June 30, the annual money-weighted rate of return on Judges pension investments, net of pension plan investment expense, was .16 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

Net Pension Liability of Participating Employers

The components of the net pension liability of JRF at June 30, 2014 were as follows:

JRF Dollars in Thousands	
Total pension liability	\$ 3,146
Plan fiduciary net position	(955)
Participating employers' net pension liability	\$ 2,191
Plan fiduciary net position as a percentage of the total pension liability	30.36%

Actuarial assumptions² The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

JRF	
Inflation:	3.0% total economic inflation
Salary Increases:	None, only inactive participants
Investment rate of return:	4.00%

For JRF, mortality rates were set equal to those used for PERS. Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

Discount rate Contributions are made to the Judges' Retirement Fund to ensure cash is available to make benefit payments. Since this plan is operated on a pay-as-you-go basis, the discount rate used to measure the Total Pension Liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 4.29 percent for the June 30, 2014 measurement date.

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability of the employers calculated using the discount rate of 4.29 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.29 percent) or 1-percentage-point higher (5.29 percent) than the current rate.

JRF			
	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
Employers' net pension liability (in thousands of dollars)	\$2,358	\$2,191	\$2,075

¹Money-weighted rates of return provided by the Washington State Investment Board.

²CMAs and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in their selection of the long-term expected rate of return for purposes of GASB statement 67.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

Recent Legislation Affecting Pension Systems/Plans Administered by DRS During Fiscal Year 2014 Arranged Chronologically by Effective Date – Page 1 of 2			
Legal Reference	Effective Date	Systems/Plans Affected	Description
Chapter 521, Laws of 2009 (ESSSB 5688)	Varies per section from 7/26/09 to 1/1/14	All systems and plans	Domestic partners registered with the state will be treated the same as married spouses, to the extent that treatment is not in conflict with federal laws.
Chapter 362, Laws of 2011 (SHB 2021)	6/30/11	PERS 1 and TRS 1	The automatic annual benefit increase for retirees/beneficiaries in PERS 1 and TRS 1 is eliminated, and the Adjusted Minimum Benefit limit is increased to \$1,545 per month. Additionally, the minimum employer contribution rates for the unfunded liability of both of these plans are lowered.
Chapter 5, Laws of 2011 (HB 2070)	7/1/11	LEOFF 2, PERS, PSERS, SERS, TRS and WSPRS	DRS is required to include the qualifying foregone compensation during the 2011-2013 biennium in the benefits calculation of retiring government employees in LEOFF 2, PERS, PSERS, SERS, TRS and WSPRS.
Chapter 47, Laws of 2011 (ESHB 1981)	Varies per section from 7/1/11 to 1/1/12	PERS, PSERS, SERS and TRS	Multi-faceted bill that: <ul style="list-style-type: none"> • Limits to 867 the post retirement hours that a PERS 1 or TRS 1 retiree may work prior to suspension of the pension benefit • Applies the return to work provision of the applicable retirement system to higher education positions eligible for the HERPs • Prohibits higher education institutions and entities from offering participation in a HERP to any newly hired employee that has retired or is eligible to retire from a DRS administered retirement plan • Provides, for newly hired employees eligible to participate in a HERP, the option at time of hire to participate in PERS 3, TRS 3 or a HERP • Requires institutions to contribute a percentage of their HERP-covered employees' salary to DRS to be invested by the WSIB. These funds are intended to be used to pay required supplemental benefits to eligible HERP retirees
Chapter 68, Laws of 2011 (HB 1263)	7/22/11	PSERS	The employer definition within PSERS is modified to include correctional entities formed by PSERS employers under the Interlocal Cooperation Act (RCW 39.34).
Chapter 80, Laws of 2011 (HB 1625)	7/22/11	PERS 3, SERS 3 and TRS 3	The investment option for new employees who default into membership in PERS 3, SERS 3 or TRS 3 by failing to choose a retirement plan within the allotted 90 days is changed from the Total Allocation Portfolio to a Retirement Strategy Fund, based on the member's birth year and an assumed retirement at age 65.
Chapter 3, Laws of 2012 (ESSB 6239)	6/7/12	All systems and plans	This bill allows same-gender couples to marry, and automatically converts certain domestic partnerships to marriages unless the couple marries or dissolves the partnership before June 30, 2014. Under the provisions of this bill, survivor benefits may be available to certain members of the state's retirement systems sooner than under current law.
Chapter 72, Laws of 2012 (ESB 5159)	6/7/12	WSPRS	Current WSPRS members who have service credit earned as commercial vehicle enforcement officers within PERS 2 may transfer said credit into the WSPRS. The member must pay the full actuarial cost of the transfer.

Recent Legislation Affecting Pension Systems/Plans

Administered by DRS During Fiscal Year 2014

Arranged Chronologically by Effective Date – Page 2 of 2

Legal Reference	Effective Date	Systems/Plans Affected	Description
Chapter 236, Laws of 2012 (EHB 2771)	6/7/12	LEOFF, PERS, PSERS, SERS, and TRS	This bill amends the retirement statutes to clarify that governmental contractors are not employers under the system, unless otherwise qualifying, and that the determination of whether an employee/employer relationship has been established shall be based solely on the relationship between the contracted employee and the governmental employer.
Chapter 248, Laws of 2012 (SB 6134)	6/7/12	LEOFF 2	The initial time line to transfer service credit under RCW 41.26.435 is moved from June 30, 2014 to June 30, 2012.
Chapter 22, Laws of 2013 (SB 5046)	7/28/13	PERS	The mandatory retirement criteria for District Court Judges is changed to require retirement after the end of the term of office in which they turn age 75, instead of at the end of the calendar year in which they turn age 75.
Chapter 287, Laws of 2013 (SHB 1868)	7/28/13	LEOFF 2	Allows catastrophically disabled LEOFF 2 members to be reimbursed for premiums of medical insurance other than those which are provided by the employer, COBRA, or Medicare A and/or B. The reimbursement is limited to payments made after June 30, 2013 that do not exceed the premium reimbursement amounts authorized by COBRA.
Chapter 95, Laws of 2014 (SB 6321)	6/12/14	PERS 3, SERS 3 and TRS 3	Removes annual rate flexibility in the Plans 3. A TRS 3 member no longer has the option to change contribution rates each year during the month of January. This bill amends RCW 41.34.040 to remove the annual change option, and is effective after January 2015. While this statutory option applies to PERS 3 and SERS 3 members as well, it has never been implemented in those plans. This modification is deemed necessary by the Internal Revenue Service in order to ensure the Plans 3 retain favorable tax qualification.
Chapter 145, Laws of 2014 (HB 2456)	6/12/14	LEOFF	Eliminates the expiration date on the statutory provision in the LEOFF definition of fire fighter that includes emergency medical technicians (EMTs). This correction allows EMTs continued eligibility for membership in LEOFF.
Chapter 91, Laws of 2014 (SB 6201)	6/12/14	LEOFF 2	This bill allows LEOFF 2 members to use funds from certain tax-qualified plans to purchase a life annuity from the LEOFF 2 trust fund at the time of retirement.
Chapter 172, Laws of 2014 (SB 6328)	6/12/14	Deferred Compensation Program	Allows the state or other local government authorizing entities the option of allowing employees participating in the employer sponsored deferred compensation plan to purchase individual securities within the plan investment options. It does not require plans to make this option available, it only allows it.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

C. Funding Policy

All employers are required to contribute at the level established by the Legislature. Plan specific tables presented in Note 2 section B provide the required contributions rates for each plan at the close of Fiscal Year 2014.

PERS – Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 to 15 percent.

The methods used to determine PERS contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

SERS – Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 employer contribution rates. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under SERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 to 15 percent.

The methods used to determine SERS contribution requirements are established under state statute in accordance with chapters 41.35 and 41.45 RCW.

PSERS – Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2.

The methods used to determine PSERS contribution requirements are established under state statute in accordance with chapters 41.37 and 41.45 RCW.

TRS – Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under TRS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 to 15 percent.

The methods used to determine the TRS contribution requirements are established under state statute in accordance with chapters 41.32 and 41.45 RCW.

LEOFF – Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board.

This special funding situation is not mandated by the state constitution and could be changed by statute. For Fiscal Year 2014, the state contributed \$55.6 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.26 and 41.45 RCW.

WSPRS – Each biennium, the state Pension Funding Council adopts the employee and the state contribution rates, subject to revision by the Legislature. The employee and the state contribution rates are developed by the Office of the State Actuary to fully fund the plan.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 43.43 and 41.45 RCW.

JRS – There are no active members in the Judicial Retirement System. The state guarantees the solvency of the JRS on a pay-as-you-go basis. Each biennium, the Legislature, through appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2014, the state contributed \$10.6 million.

Judges – There are no active members in the Judges' Retirement Fund. The state guarantees the solvency of the Judges' Retirement fund on a pay-as-you-go basis. Each biennium, the Legislature, through appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2014, however, no such appropriations were needed.

Notes to the Financial Statements

Note 2: General Description of the Retirement Systems (continued)

D. Judicial Retirement Account

The Judicial Retirement Account (JRA) was established by the Legislature in 1988 to provide supplemental retirement benefits. It is a defined contribution plan administered by the state of Washington Administrative Office of the Courts (AOC), under the direction of the Board for Judicial Administration. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts, who are members of PERS for their services as a judge. Vesting is full and immediate.

Beginning January 1, 2007 any newly elected or appointed Supreme Court Justice, Court of Appeals Judge or Superior Court Judge could no longer participate in JRA. At June 30, 2014, there were five active members and 152 inactive members in JRA. The state, through the AOC, is the sole participating employer in JRA.

JRA plan members are required to contribute 2.5 percent of covered salary. The state, as employer, contributes an equal amount on a monthly basis. The employer and employee obligations to contribute are established in chapter 2.14 RCW. Plan provisions and contribution requirements are established in state statute and may be amended only by the state Legislature.

A JRA member who separates from judicial service for any reason is entitled to receive a lump-sum distribution of the accumulated contributions. The administrator of JRA may adopt rules establishing other payment options. If a member dies, the amount of accumulated contributions standing to the member's credit at the time of the member's death is to be paid to the member's estate, or such person or persons, trust or organization as the member has nominated by written designation.

The Administrator of JRA has entered into an agreement for services with DRS and with the Washington State Investment Board (WSIB). Under this agreement, DRS is responsible for all record keeping, accounting, and reporting of member accounts and the WSIB is granted the full power to establish investment policy, develop participant investment options and manage the investment funds for the JRA plan, consistent with the provisions of RCW 2.14.080 and 43.84.150.

E. Deferred Compensation Program

The state of Washington offers its employees and employees of those political subdivisions that elect to participate, a deferred compensation program (DCP) pursuant to RCW 41.50.770, in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, disability, death or unforeseeable financial emergency. This deferred compensation program is administered by DRS.

The intent of the program is to provide additional income to participants upon retirement. By deferring part of their income, participants can reduce their taxable income each year. The investments remain tax-free until they are withdrawn. The program provides participants with a means to easily save money and help supplement their other retirement income.

Employees participating in DCP self-direct their investments through options provided by the WSIB. The WSIB has the full power to invest moneys in DCP in accordance with RCW 43.84.150, 43.33A.140, and 41.50.770.

The program offers two investment options: the **One-Step Investing** option, and the **Build and Monitor** option.

The **One-Step Investing** option is designed for those who do not have the desire, comfort level and/or time to select, monitor and rebalance, as needed, their own allocation mix of funds. Each Retirement Strategy Fund is diversified and automatically rebalances, adjusting the participant's allocation mix as the participant moves toward a retirement date. The funds in this option include:

- 2000 Retirement Strategy
- 2005 Retirement Strategy
- 2010 Retirement Strategy
- 2015 Retirement Strategy
- 2020 Retirement Strategy
- 2025 Retirement Strategy
- 2030 Retirement Strategy
- 2035 Retirement Strategy
- 2040 Retirement Strategy
- 2045 Retirement Strategy
- 2050 Retirement Strategy
- 2055 Retirement Strategy

The **Build and Monitor** option requires the participant to:

- Select fund(s) from any or all of the following funds:
 - Emerging Market Equity Index Fund
 - Global Equity Index Fund
 - Savings Pool
 - Socially Responsible Balanced Fund
 - U.S. Large Cap Equity Index Fund
 - U.S. Small Cap Value Equity Index Fund
 - Washington State Bond Fund
- Monitor account activity
- Rebalance the allocation mix as necessary to maintain desired investment objectives

DCP participants may adjust or suspend their participation in the program at any time. Upon separation from employment, DCP participants have the option of withdrawing some or all of the balance in their account or leaving their balance in place to continue to benefit from market fluctuations.

The IRS requires a DCP participant to start receiving mandatory account distributions at retirement, or by April of the year after the participant turns 70 ½ years old, whichever comes later.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust by the WSIB, as set forth under RCW 43.33A.030, for the exclusive benefit of the DCP participants and their beneficiaries. Neither the participant, nor the participant's beneficiary or beneficiaries, nor any other designee, has any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments under the plan. These payments and rights thereto are non-assignable and non-transferable.

Required Supplementary Information: Schedule of Changes in Net Pension Liability

Schedule of Changes in Net Pension Liability: PERS Plan 1 Dollars in Thousands		6/30/2014*
Total Pension Liability		
Service Cost	\$	37,503
Interest		945,296
Changes of Benefit Terms		—
Differences Between Expected and Actual Experience		—
Changes in Assumptions		—
Benefit Payments, Including Refunds of Member Contributions		(1,193,715)
Net Change in Total Pension Liability		(210,915)
Total Pension Liability – Beginning		13,190,019
Total Pension Liability – Ending (a)		\$ 12,979,104
Plan Fiduciary Net Position		
Contributions – Employer	\$	448,895
Contributions – Member		28,087
Net Investment Income		1,311,995
Benefit Payments, Including Refunds of Member Contributions		(1,193,715)
Administrative Expense		(506)
Other		36
Net Change in Plan Fiduciary Net Position		594,792
Plan Fiduciary Net Position – Beginning		7,346,765
Plan Fiduciary Net Position – Ending (b)		\$ 7,941,557
Plan Net Pension Liability (Asset) – Ending (a) - (b)		\$ 5,037,547

Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.

*This schedule is to be built prospectively until it contains ten years of data.

Schedule of Changes in Net Pension Liability: PERS Plan 2/3 Dollars in Thousands		6/30/2014*
Total Pension Liability		
Service Cost	\$	934,401
Interest		2,057,556
Changes of Benefit Terms		—
Differences Between Expected and Actual Experience		—
Changes in Assumptions		—
Benefit Payments, Including Refunds of Member Contributions		(600,862)
Net Change in Total Pension Liability		2,391,094
Total Pension Liability – Beginning		27,729,076
Total Pension Liability – Ending (a)		\$ 30,120,170
Plan Fiduciary Net Position		
Contributions – Employer	\$	430,345
Contributions – Member		368,251
Net Investment Income		4,444,930
Benefit Payments, Including Refunds of Member Contributions		(600,862)
Administrative Expense		(617)
Other		(2,299)
Net Change in Plan Fiduciary Net Position		4,639,748
Plan Fiduciary Net Position – Beginning		23,459,061
Plan Fiduciary Net Position – Ending (b)		\$ 28,098,809
Plan Net Pension Liability (Asset) – Ending (a) - (b)		\$ 2,021,361

Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.

*This schedule is to be built prospectively until it contains ten years of data.

**Schedule of Changes in
Net Pension Liability: SERS Plan 2/3**
Dollars in Thousands

	6/30/2014*
Total Pension Liability	
Service Cost	\$ 138,228
Interest	277,012
Changes of Benefit Terms	—
Differences Between Expected and Actual Experience	—
Changes in Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(83,948)
Net Change in Total Pension Liability	331,292
Total Pension Liability – Beginning	3,734,712
Total Pension Liability – Ending (a)	\$4,066,004
Plan Fiduciary Net Position	
Contributions – Employer	\$ 88,783
Contributions – Member	31,856
Net Investment Income	607,982
Benefit Payments, Including Refunds of Member Contributions	(83,948)
Administrative Expense	(30)
Other	(462)
Net Change in Plan Fiduciary Net Position	644,181
Plan Fiduciary Net Position – Beginning	3,211,902
Plan Fiduciary Net Position – Ending (b)	\$3,856,083
Plan Net Pension Liability (Asset) – Ending (a) - (b)	\$ 209,921

Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.

*This schedule is to be built prospectively until it contains ten years of data.

**Schedule of Changes in
Net Pension Liability: PSERS Plan 2**
Dollars in Thousands

	6/30/2014*
Total Pension Liability	
Service Cost	\$ 42,679
Interest	17,264
Changes of Benefit Terms	—
Differences Between Expected and Actual Experience	—
Changes in Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(2,450)
Net Change in Total Pension Liability	57,493
Total Pension Liability – Beginning	231,395
Total Pension Liability – Ending (a)	\$ 288,888
Plan Fiduciary Net Position	
Contributions – Employer	\$ 17,124
Contributions – Member	17,446
Net Investment Income	45,143
Benefit Payments, Including Refunds of Member Contributions	(2,450)
Administrative Expense	(8)
Other	5
Net Change in Plan Fiduciary Net Position	77,260
Plan Fiduciary Net Position – Beginning	226,109
Plan Fiduciary Net Position – Ending (b)	\$ 303,369
Plan Net Pension Liability (Asset) – Ending (a) - (b)	\$ (14,481)

Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.

*This schedule is to be built prospectively until it contains ten years of data.

Schedule of Changes in Net Pension Liability (continued)

Schedule of Changes in Net Pension Liability: TRS Plan 1 Dollars in Thousands		6/30/2014*
Total Pension Liability		
Service Cost	\$	21,932
Interest		690,297
Changes of Benefit Terms		—
Differences Between Expected and Actual Experience		—
Changes in Assumptions		—
Benefit Payments, Including Refunds of Member Contributions		(928,237)
Net Change in Total Pension Liability		(216,007)
Total Pension Liability – Beginning		9,659,695
Total Pension Liability – Ending (a)		\$9,443,688
Plan Fiduciary Net Position		
Contributions – Employer	\$	200,674
Contributions – Member		14,626
Net Investment Income		1,079,804
Benefit Payments, Including Refunds of Member Contributions		(928,237)
Administrative Expense		(143)
Other		51
Net Change in Plan Fiduciary Net Position		366,775
Plan Fiduciary Net Position – Beginning		6,127,459
Plan Fiduciary Net Position – Ending (b)		\$6,494,234
Plan Net Pension Liability (Asset) – Ending (a) - (b)		\$2,949,454
Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.		
*This schedule is to be built prospectively until it contains ten years of data.		
Schedule of Changes in Net Pension Liability: TRS Plan 2/3 Dollars in Thousands		6/30/2014*
Total Pension Liability		
Service Cost	\$	374,257
Interest		684,861
Changes of Benefit Terms		—
Differences Between Expected and Actual Experience		—
Changes in Assumptions		—
Benefit Payments, Including Refunds of Member Contributions		(151,510)
Net Change in Total Pension Liability		907,609
Total Pension Liability – Beginning		9,205,870
Total Pension Liability – Ending (a)		\$10,113,479
Plan Fiduciary Net Position		
Contributions – Employer	\$	249,342
Contributions – Member		44,012
Net Investment Income		1,539,895
Benefit Payments, Including Refunds of Member Contributions		(151,510)
Administrative Expense		(76)
Other		(401)
Net Change in Plan Fiduciary Net Position		1,681,262
Plan Fiduciary Net Position – Beginning		8,109,228
Plan Fiduciary Net Position – Ending (b)		\$ 9,790,490
Plan Net Pension Liability (Asset) – Ending (a) - (b)		\$ 322,989
Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.		
*This schedule is to be built prospectively until it contains ten years of data.		

**Schedule of Changes in
Net Pension Liability: LEOFF Plan 1**
Dollars in Thousands

	6/30/2014*
Total Pension Liability	
Service Cost	\$ 4,279
Interest	326,717
Changes of Benefit Terms	—
Differences Between Expected and Actual Experience	—
Changes in Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(355,988)
Net Change in Total Pension Liability	(24,992)
Total Pension Liability – Beginning	4,531,007
Total Pension Liability – Ending (a)	\$ 4,506,015

Plan Fiduciary Net Position	
Contributions – Employer	\$ 98
Contributions – Member	844
Net Investment Income	934,123
Benefit Payments, Including Refunds of Member Contributions	(355,988)
Administrative Expense	(44)
Other	—
Net Change in Plan Fiduciary Net Position	579,033
Plan Fiduciary Net Position – Beginning	5,139,773
Plan Fiduciary Net Position – Ending (b)	\$ 5,718,806
Plan Net Pension Liability (Asset) – Ending (a) - (b)	\$ (1,212,791)

Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.

*This schedule is to be built prospectively until it contains ten years of data.

**Schedule of Changes in
Net Pension Liability: LEOFF Plan 2**
Dollars in Thousands

	6/30/2014*
Total Pension Liability	
Service Cost	\$ 301,625
Interest	536,534
Changes of Benefit Terms	—
Differences Between Expected and Actual Experience	—
Changes in Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(133,949)
Net Change in Total Pension Liability	704,210
Total Pension Liability – Beginning	7,219,549
Total Pension Liability – Ending (a)	\$ 7,923,759

Plan Fiduciary Net Position	
Contributions – Employer	\$ 85,532
Contributions – State	55,551
Contributions – Member	151,041
Net Investment Income	1,456,267
Benefit Payments, Including Refunds of Member Contributions	(133,949)
Administrative Expense	(1,268)
Other	241
Net Change in Plan Fiduciary Net Position	1,613,415
Plan Fiduciary Net Position – Beginning	7,637,387
Plan Fiduciary Net Position – Ending (b)	\$ 9,250,802
Plan Net Pension Liability (Asset) – Ending (a) - (b)	\$ (1,327,043)

Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.

*This schedule is to be built prospectively until it contains ten years of data.

Schedule of Changes in Net Pension Liability (continued)

Schedule of Changes in Net Pension Liability: WSPRS Plan 1/2 Dollars in Thousands		6/30/2014*
Total Pension Liability		
Service Cost	\$	18,041
Interest		75,249
Changes of Benefit Terms		—
Differences Between Expected and Actual Experience		—
Changes in Assumptions		—
Benefit Payments, Including Refunds of Member Contributions		(47,510)
Net Change in Total Pension Liability		45,780
Total Pension Liability – Beginning		1,026,644
Total Pension Liability – Ending (a)		\$1,072,424
Plan Fiduciary Net Position		
Contributions – Employer	\$	6,587
Contributions – Member		6,555
Net Investment Income		176,856
Benefit Payments, Including Refunds of Member Contributions		(47,510)
Administrative Expense		(84)
Other		509
Net Change in Plan Fiduciary Net Position		142,913
Plan Fiduciary Net Position – Beginning		955,514
Plan Fiduciary Net Position – Ending (b)		\$1,098,427
Plan Net Pension Liability (Asset) – Ending (a) - (b)		\$ (26,003)
Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.		
*This schedule is to be built prospectively until it contains ten years of data.		
Schedule of Changes in Net Pension Liability: JRS Dollars in Thousands		6/30/2014*
Total Pension Liability		
Service Cost	\$	—
Interest		4,319
Changes of Benefit Terms		—
Differences Between Expected and Actual Experience		—
Changes in Assumptions		—
Benefit Payments, Including Refunds of Member Contributions		(9,480)
Net Change in Total Pension Liability		(5,161)
Total Pension Liability – Beginning		105,502
Total Pension Liability – Ending (a)		\$ 100,341
Plan Fiduciary Net Position		
Contributions – Employer	\$	—
Contributions – State		10,600
Contributions – Member		—
Net Investment Income		25
Benefit Payments, Including Refunds of Member Contributions		(9,480)
Administrative Expense		—
Other		—
Net Change in Plan Fiduciary Net Position		1,145
Plan Fiduciary Net Position – Beginning		3,886
Plan Fiduciary Net Position – Ending (b)		\$ 5,031
Plan Net Pension Liability (Asset) – Ending (a) - (b)		\$ 95,310
Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.		
*This schedule is to be built prospectively until it contains ten years of data.		

Schedule of Changes in Net Pension Liability: Judges Dollars in Thousands	
	6/30/2014*
Total Pension Liability	
Service Cost	\$ —
Interest	137
Changes of Benefit Terms	—
Differences Between Expected and Actual Experience	—
Changes in Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(444)
Net Change in Total Pension Liability	(307)
Total Pension Liability – Beginning	3,453
Total Pension Liability – Ending (a)	\$ 3,146
Plan Fiduciary Net Position	
Contributions – Employer	\$ —
Contributions – Member	—
Net Investment Income	7
Benefit Payments, Including Refunds of Member Contributions	(444)
Administrative Expense	—
Other	—
Net Change in Plan Fiduciary Net Position	(437)
Plan Fiduciary Net Position – Beginning	1,392
Plan Fiduciary Net Position – Ending (b)	\$ 955
Plan Net Pension Liability (Asset) – Ending (a) - (b)	\$ 2,191

Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.

*This schedule is to be built prospectively until it contains ten years of data.

Required Supplementary Information: Schedule of Net Pension Liability

Schedule of Net Pension Liability: PERS Plan 1 Dollars in Thousands	
	6/30/2014*
Total Pension Liability	\$ 12,979,104
Plan Fiduciary Net Position	7,941,557
Plan Net Pension Liability (Asset)	\$ 5,037,547
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.19%
Covered-Employee Payroll	\$ 309,665
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	1,626.77%

Schedule of Net Pension Liability: PERS Plan 2/3 Dollars in Thousands	
	6/30/2014*
Total Pension Liability	\$ 30,120,170
Plan Fiduciary Net Position	28,098,809
Plan Net Pension Liability (Asset)	\$ 2,021,361
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.29%
Covered-Employee Payroll	\$ 8,607,757
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	23.48%

Schedule of Net Pension Liability: SERS Plan 2/3 Dollars in Thousands	
	6/30/2014*
Total Pension Liability	\$ 4,066,004
Plan Fiduciary Net Position	3,856,083
Plan Net Pension Liability (Asset)	\$ 209,921
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.84%
Covered-Employee Payroll	\$ 1,616,447
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	12.99%

Schedule of Net Pension Liability: PSERS Plan 2 Dollars in Thousands	
	6/30/2014*
Total Pension Liability	\$ 288,888
Plan Fiduciary Net Position	303,369
Plan Net Pension Liability (Asset)	\$ (14,481)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.01%
Covered-Employee Payroll	\$ 270,102
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	(5.36)%

Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.

*This schedule is to be built prospectively until it contains ten years of data.

Schedule of Net Pension Liability: TRS Plan 1 Dollars in Thousands	
	6/30/2014*
Total Pension Liability	\$9,443,688
Plan Fiduciary Net Position	6,494,234
Plan Net Pension Liability (Asset)	\$2,949,454
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.77%
Covered-Employee Payroll	\$ 148,430
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	1,987.10%

Schedule of Net Pension Liability: LEOFF Plan 1 Dollars in Thousands	
	6/30/2014*
Total Pension Liability	\$ 4,506,015
Plan Fiduciary Net Position	5,718,806
Plan Net Pension Liability (Asset)	\$(1,212,791)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	126.91%
Covered-Employee Payroll	\$ 13,888
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	(8,732.65)%

Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.

*This schedule is to be built prospectively until it contains ten years of data.

Schedule of Net Pension Liability: TRS Plan 2/3 Dollars in Thousands	
	6/30/2014*
Total Pension Liability	\$10,113,479
Plan Fiduciary Net Position	9,790,490
Plan Net Pension Liability (Asset)	\$ 322,989
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.81%
Covered-Employee Payroll	\$ 4,436,592
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	7.28%

Schedule of Net Pension Liability: LEOFF Plan 2 Dollars in Thousands	
	6/30/2014*
Total Pension Liability	\$ 7,923,759
Plan Fiduciary Net Position	9,250,802
Plan Net Pension Liability (Asset)	\$(1,327,043)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.75%
Covered-Employee Payroll	\$ 1,674,432
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	(79.25)%

Schedule of Net Pension Liability (continued)

Schedule of Net Pension Liability: WSPRS Plan 1/2 Dollars in Thousands		6/30/2014*
Total Pension Liability		\$ 1,072,424
Plan Fiduciary Net Position		1,098,427
Plan Net Pension Liability (Asset)		\$ (26,003)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	102.42%	
Covered-Employee Payroll	\$ 83,282	
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	(31.22)%	

Schedule of Net Pension Liability: JRS Dollars in Thousands		6/30/2014*
Total Pension Liability		\$ 100,341
Plan Fiduciary Net Position		5,031
Plan Net Pension Liability (Asset)		\$ 95,310
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	5.01%	
Covered-Employee Payroll	\$ —	
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	n/a	

Schedule of Net Pension Liability: Judges Dollars in Thousands		6/30/2014*
Total Pension Liability		\$ 3,146
Plan Fiduciary Net Position		955
Plan Net Pension Liability (Asset)		\$ 2,191
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.36%	
Covered-Employee Payroll	\$ —	
Plan Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	n/a	

Note: Plan Fiduciary Net Position does not include the administrative fund allocations to the trust funds noted in Note 1 section G of the Financial Section.

*This schedule is to be built prospectively until it contains ten years of data.

Required Supplementary Information: Schedule of Employer Contributions

Schedule of Employer Contributions: PERS Plan 1											
Dollars in Thousands											
	6/30/2014	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	
Actuarially Determined Contributions*	\$439,067	\$534,200	\$508,000	\$439,300	\$627,800	\$620,200	\$453,100	\$397,300	\$438,500	\$340,300	
Contributions in Relation to the Actuarially Determined Contributions	448,895	266,270	257,197	145,585	154,023	325,248	221,787	118,660	29,601	22,360	
Contribution Deficiency (Excess)	<u>\$(9,828)</u>	<u>\$267,930</u>	<u>\$250,803</u>	<u>\$293,715</u>	<u>\$473,777</u>	<u>\$294,952</u>	<u>\$231,313</u>	<u>\$278,640</u>	<u>\$408,899</u>	<u>\$317,940</u>	
Covered-Employee Payroll	\$309,665	\$352,909	\$399,564	\$493,559	\$571,969	\$654,711	\$713,421	\$761,800	\$830,602	\$892,756	
Contributions as a Percentage of Covered-Employee Payroll	144.96%	75.45%	64.37%	29.50%	26.93%	49.68%	31.09%	15.58%	3.56%	2.50%	

NOTE: Portions of the above contributions were assessed on the covered payrolls of PERS Plan 2/3, SERS Plan 2/3 and PSERS Plan 2.

Schedule of Employer Contributions: PERS Plan 2/3											
Dollars in Thousands											
	6/30/2014	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	
Actuarially Determined Contributions*	\$441,677	\$408,300	\$407,700	\$408,600	\$383,100	\$369,700	\$363,300	\$331,300	\$307,600	\$227,700	
Contributions in Relation to the Actuarially Determined Contributions	430,345	389,020	385,253	328,258	327,460	439,744	318,740	242,544	149,579	74,720	
Contribution Deficiency (Excess)	<u>\$11,332</u>	<u>\$19,280</u>	<u>\$22,447</u>	<u>\$80,342</u>	<u>\$55,640</u>	<u>\$70,044</u>	<u>\$44,560</u>	<u>\$88,756</u>	<u>\$158,021</u>	<u>\$152,980</u>	
Covered-Employee Payroll	\$8,607,757	\$8,265,361	\$8,125,656	\$8,139,901	\$8,151,255	\$8,108,034	\$7,697,892	\$7,019,718	\$6,687,536	\$6,289,809	
Contributions as a Percentage of Covered-Employee Payroll	5.00%	4.71%	4.74%	4.03%	4.02%	5.42%	4.14%	3.46%	2.24%	1.19%	

*Prior to 2014 the Annual Required Contribution (ARC) amounts are presented for the Actuarially Determined Contributions. The ARC changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses.

Required Supplementary Information: Schedule of Employer Contributions (continued)

Schedule of Employer Contributions: SERS Plan 2/3 Dollars in Thousands											
	6/30/2014	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	
Actuarially Determined Contributions*	\$90,064	\$86,600	\$85,200	\$88,600	\$82,300	\$71,500	\$75,800	\$71,500	\$81,400	\$64,000	
Contributions in Relation to the Actuarially Determined Contributions	88,783	78,400	74,640	62,316	62,090	63,526	52,139	45,950	30,419	10,160	
Contribution Deficiency (Excess)	<u>\$1,281</u>	<u>\$8,200</u>	<u>\$10,560</u>	<u>\$26,284</u>	<u>\$20,210</u>	<u>\$7,974</u>	<u>\$23,661</u>	<u>\$25,550</u>	<u>\$50,981</u>	<u>\$53,840</u>	
Covered-Employee Payroll	\$1,616,447	\$1,549,224	\$1,638,675	\$1,650,375	\$1,619,245	\$1,585,931	\$1,515,966	\$1,407,307	\$1,336,634	\$1,269,398	
Contributions as a Percentage of Covered-Employee Payroll	5.49%	5.06%	4.55%	3.78%	3.83%	4.01%	3.44%	3.27%	2.28%	0.80%	

Schedule of Employer Contributions: PSERS Plan 2 Dollars in Thousands											
	6/30/2014	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	
Actuarially Determined Contributions*	\$17,053	\$15,100	\$14,700	\$14,700	\$14,800	\$14,300	\$12,400	\$7,100	n/a	n/a	
Contributions in Relation to the Actuarially Determined Contributions	17,124	15,650	15,285	15,591	15,238	14,510	11,700	6,612	n/a	n/a	
Contribution Deficiency (Excess)	<u>\$(71)</u>	<u>\$(550)</u>	<u>\$(585)</u>	<u>\$(891)</u>	<u>\$(438)</u>	<u>\$(210)</u>	<u>\$700</u>	<u>\$488</u>	<u>n/a</u>	<u>n/a</u>	
Covered-Employee Payroll	\$270,102	\$249,022	\$236,495	\$232,044	\$232,826	\$222,044	\$178,767	\$101,789	\$-	\$-	
Contributions as a Percentage of Covered-Employee Payroll	6.34%	6.28%	6.46%	6.72%	6.54%	6.53%	6.54%	6.50%	n/a	n/a	

*Prior to 2014 the Annual Required Contribution (ARC) amounts are presented for the Actuarially Determined Contributions. The APC changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses.

Schedule of Employer Contributions: TRS Plan I

Dollars in Thousands

	6/30/2014	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Actuarially Determined Contributions*	\$ 208,119	\$ 275,400	\$ 254,000	\$ 205,900	\$ 406,100	\$ 391,000	\$ 294,700	\$ 249,800	\$ 287,500	\$ 224,300
Contributions in Relation to the Actuarially Determined Contributions	200,674	118,569	111,937	96,803	112,731	178,850	113,089	60,462	15,077	8,793
Contribution Deficiency (Excess)	<u>\$ 7,445</u>	<u>\$ 156,831</u>	<u>\$ 142,063</u>	<u>\$ 109,097</u>	<u>\$ 293,369</u>	<u>\$ 212,150</u>	<u>\$ 181,611</u>	<u>\$ 189,338</u>	<u>\$ 272,423</u>	<u>\$ 215,507</u>
Covered-Employee Payroll	\$ 148,430	\$ 192,532	\$ 280,366	\$ 349,660	\$ 418,353	\$ 480,118	\$ 525,223	\$ 586,394	\$ 646,830	\$ 716,448
Contributions as a Percentage of Covered-Employee Payroll	135.20%	61.58%	39.93%	27.68%	26.95%	37.25%	21.53%	10.31%	2.33%	1.23%

Note: Portions of the above contributions were assessed on the covered payrolls of TRS Plan 2/3.

Schedule of Employer Contributions: TRS Plan 2/3

Dollars in Thousands

	6/30/2014	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Actuarially Determined Contributions*	\$ 255,277	\$ 231,600	\$ 232,200	\$ 232,300	\$ 221,100	\$ 186,900	\$ 208,900	\$ 167,700	\$ 166,400	\$ 117,400
Contributions in Relation to the Actuarially Determined Contributions	249,341	228,974	213,852	168,264	164,959	160,793	109,523	102,180	75,353	33,767
Contribution Deficiency (Excess)	<u>\$ 5,936</u>	<u>\$ 2,626</u>	<u>\$ 18,348</u>	<u>\$ 64,036</u>	<u>\$ 56,141</u>	<u>\$ 26,107</u>	<u>\$ 99,377</u>	<u>\$ 65,520</u>	<u>\$ 91,047</u>	<u>\$ 83,633</u>
Covered-Employee Payroll	\$ 4,436,592	\$ 4,203,893	\$ 4,162,779	\$ 4,171,447	\$ 4,056,271	\$ 3,950,376	\$ 3,664,646	\$ 3,375,160	\$ 3,152,152	\$ 2,957,315
Contributions as a Percentage of Covered-Employee Payroll	5.62%	5.45%	5.14%	4.03%	4.07%	4.07%	2.99%	3.03%	2.39%	1.14%

*Prior to 2014 the Annual Required Contribution (ARC) amounts are presented for the Actuarially Determined Contributions. The ARC changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses.

Required Supplementary Information: Schedule of Employer Contributions (continued)

Schedule of Employer Contributions: LEOFF Plan 1												
Dollars in Thousands												
	6/30/2014	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05		
Actuarially Determined Contributions*	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—		
Contributions in Relation to the Actuarially Determined Contributions	98	555	2	3	49	216	8	56	70	9		
Contribution Deficiency (Excess)	<u>\$ (98)</u>	<u>\$ (555)</u>	<u>\$ (2)</u>	<u>\$ (3)</u>	<u>\$ (49)</u>	<u>\$ (216)</u>	<u>\$ (8)</u>	<u>\$ 44</u>	<u>\$ (70)</u>	<u>\$ (9)</u>		
Covered-Employee Payroll	\$13,888	\$16,521	\$21,456	\$27,171	\$32,110	\$41,040	\$41,384	\$46,327	\$54,804	\$61,686		
Contributions as a Percentage of Covered-Employee Payroll	0.71%	3.36%	0.01%	0.01%	0.15%	0.53%	0.02%	0.12%	0.13%	0.01%		

Schedule of Employer Contributions and Other Contributing Entities: LEOFF Plan 2												
Dollars in Thousands												
	6/30/2014	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05		
Actuarially Determined Contributions*	\$141,696	\$94,700	\$97,300	\$84,000	\$112,200	\$105,300	\$102,100	\$94,900	\$101,300	\$80,800		
Contributions in Relation to the Actuarially Determined Contributions	141,082	136,643	133,250	131,757	128,374	128,986	119,290	96,119	80,138	54,046		
Contribution Deficiency (Excess)	<u>\$614</u>	<u>\$ (41,943)</u>	<u>\$ (35,950)</u>	<u>\$ (47,757)</u>	<u>\$ (16,174)</u>	<u>\$ (23,686)</u>	<u>\$ (17,190)</u>	<u>\$ (1,219)</u>	<u>\$ 21,162</u>	<u>\$ 26,754</u>		
Covered-Employee Payroll	\$1,674,432	\$1,605,364	\$1,569,051	\$1,542,269	\$1,515,925	\$1,455,623	\$1,343,558	\$1,221,223	\$1,154,897	\$1,062,660		
Contributions as a Percentage of Covered-Employee Payroll	8.43%	8.51%	8.49%	8.54%	8.47%	8.86%	8.88%	7.87%	6.94%	5.09%		

Note: Contributions in Relation to the Actuarially Determined Contributions include Employer contributions and State Contributions.

*Prior to 2014 the Annual Required Contribution (ARC) amounts are presented for the Actuarially Determined Contributions. The ARC changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses.

Schedule of Employer Contributions: WSPRS Plan 1/2

Dollars in Thousands

	6/30/2014	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Actuarially Determined Contributions*	\$ 6,677	\$ 2,500	\$ 2,900	\$ 2,300	\$ 6,600	\$ 5,000	\$ 6,800	\$ 5,300	\$ 6,100	\$ 3,400
Contributions in Relation to the Actuarially Determined Contributions	6,587	6,478	6,454	5,251	5,271	6,371	6,064	3,278	3,133	—
Contribution Deficiency (Excess)	<u>\$ 90</u>	<u>\$ (3,978)</u>	<u>\$ (3,554)</u>	<u>\$ (2,951)</u>	<u>\$ 1,329</u>	<u>\$ (1,371)</u>	<u>\$ 736</u>	<u>\$ 2,022</u>	<u>\$ 2,967</u>	<u>\$ 3,400</u>
Covered-Employee Payroll	\$ 83,282	\$ 81,895	\$ 81,578	\$ 81,882	\$ 82,764	\$ 82,719	\$ 78,781	\$ 72,688	\$ 69,515	\$ 65,805
Contributions as a Percentage of Covered-Employee Payroll	7.91%	7.91%	7.91%	6.41%	6.37%	7.70%	7.70%	4.51%	4.51%	0.00%

Schedule of Employer Contributions and Other Contributing Entities: JRS

Dollars in Thousands

	6/30/2014	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Actuarially Determined Contributions*	\$ 9,205	\$ 21,700	\$ 22,600	\$ 18,600	\$ 20,400	\$ 21,200	\$ 26,600	\$ 37,300	\$ 27,700	\$ 21,700
Contributions in Relation to the Actuarially Determined Contributions	10,600	10,112	8,131	10,906	11,649	10,305	9,712	9,650	6,716	6,150
Contribution Deficiency (Excess)	<u>\$ (1,395)</u>	<u>\$ 11,588</u>	<u>\$ 14,469</u>	<u>\$ 7,694</u>	<u>\$ 8,751</u>	<u>\$ 10,895</u>	<u>\$ 16,888</u>	<u>\$ 27,650</u>	<u>\$ 20,984</u>	<u>\$ 15,550</u>
Covered-Employee Payroll	\$ —	\$ 160	\$ 407	\$ 611	\$ 1,053	\$ 1,394	\$ 1,496	\$ 1,478	\$ 1,534	\$ 2,071
Contributions as a Percentage of Covered-Employee Payroll	n/a	6,320.00%	1,997.79%	1,784.94%	1,106.27%	739.24%	649.20%	652.91%	437.81%	296.96%

Note: There are no active members in JRS, contributions in relation to the Actuarially Determined Contributions are based on State Contributions.

*Prior to 2014 the Annual Required Contribution (ARC) amounts are presented for the Actuarially Determined Contributions. The ARC changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses.

Required Supplementary Information: Schedule of Employer Contributions (continued)

Schedule of Employer Contributions and Other Contributing Entities: Judges Dollars in Thousands										
	6/30/2014	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Actuarially Determined Contributions*	\$ 425	\$ 400	\$ 300	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 100
Contributions in Relation to the Actuarially Determined Contributions										
Contribution Deficiency (Excess)	<u>\$ 425</u>	<u>\$ 400</u>	<u>\$ 300</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (300)</u>	<u>\$ (300)</u>	<u>\$ (200)</u>	<u>\$ (400)</u>
Covered-Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered-Employee Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

NOTE: Contributions in relation to the Actuarially Determined Contributions are based on State Contributions.

*Prior to 2014 the Annual Required Contribution (ARC) amounts are presented for the Actuarially Determined Contributions. The ARC changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses.

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Required Supplementary Information: Schedule of Investment Returns

Schedule of Investment Returns

Annual Money-Weighted Rates of Return Net of Investment Expense

Dollars in Thousands

	6/30/2014*
PERS Plan 1	16.98%
PERS Plan 2/3	17.06%
SERS Plan 2/3	17.08%
PSERS Plan 2	16.94%
TRS Plan 1	16.97%
TRS Plan 2/3	17.07%
LEOFF Plan 1	17.01%
LEOFF Plan 2	17.04%
WSPRS Plan 1/2	17.03%
JRS	0.16%
Judges	0.16%

*This schedule is to be built prospectively until it contains ten years of data.

Notes to Required Supplementary Information for the Year Ended June 30, 2014

Methods and assumptions used in calculations of actuarially determined contributions for PERS, SERS, TRS, LEOFF and WSPRS – The Office of the State Actuary (OSA) calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined under Chapter 41.45 RCW. Consistent with the state's contribution rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example, the actuarial valuation with a June 30, 2013 valuation date, completed in the Fall of 2014, determines the ADC for the period beginning July 1, 2015 and ending June 30, 2017.

Methods and assumptions used in calculations of actuarially determined contributions for JRS and JRF – The Office of the State Actuary (OSA) calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation, and sets it equal to the expected benefit payments from the plan. Consistent with the state's funding policy defined under Chapters 2.10.90 and 2.12.60 RCW, the legislature makes biennial appropriations in order to ensure the fund is solvent to make the necessary benefit payments.

Additional plan specific actuarial method and assumption information is located in Note 2 section B of the Financial Section

Supporting Schedules

Schedule of Administrative Expenses For the Year Ended June 30, 2014 with comparative totals for June 30, 2013 – Expressed in Thousands				
	Retirement Pension Trust Funds	Deferred Compensation Pension Trust Fund	Totals June 30, 2014	Totals June 30, 2013
Current Personnel				
Salaries and Wages	\$ 12,053	\$ 968	\$ 13,021	\$ 12,452
Employee Benefits	4,099	342	4,441	4,128
Personal Service Contracts	1,516	12	1,528	1,540
Total Personnel Expenses	17,668	1,322	18,990	18,120
Goods and Services				
Actuary Services	1,727	—	1,727	1,604
Archives and Records Management	41	3	44	42
Attorney General Services	160	18	178	89
Audit Services	64	7	71	65
Bad Debts Expense	37	—	37	537
Collections	40	—	40	39
Communications	530	22	552	511
Data Processing Services	1,920	30	1,950	1,993
Employee Professional Development and Training	165	2	167	185
Facilities and Services	356	16	372	366
Insurance	10	1	11	5
Legal Fees	1,690	—	1,690	1,990
LEOFF 2 Board Governance	995	—	995	930
Medical Consultant Services	15	—	15	20
Other Contractual Services	647	14	661	686
Other Goods and Services	20	1	21	9
OWMBE Services	—	—	—	1
Pension Funding Council Services	—	—	—	115
Personnel Services	28	2	30	46
Printing and Reproduction	232	9	241	212
Rental and Leases	1,459	102	1,561	1,537
Repairs and Alterations	141	6	147	198
Subscriptions	29	—	29	28
Supplies and Materials	65	3	68	65
Utilities	126	9	135	125
Vehicle Maintenance	—	—	—	9
Total Goods and Services	10,497	245	10,742	11,407
Miscellaneous Expenses				
Grants, Benefits and Client Services	—	—	—	33
Noncapitalized Equipment	676	42	718	1,165
Travel	71	36	107	111
Total Miscellaneous Expenses	747	78	825	1,309
Total Current Expenses	28,912	1,645	30,557	30,836
Capital Outlays				
Furnishings, Equipment and Software	112	7	119	72
Improvements Other than Buildings	—	—	—	—
Total Capital Outlays	112	7	119	72
Depreciation and Loss— Capital Assets	133	—	133	168
Total Administrative Expenses	\$ 29,157	\$ 1,652	\$ 30,809	\$ 31,076

Schedule of Investment Expenses: Pension Trust Funds
For the Year Ended June 30, 2014 – Expressed in Thousands

	Fees Paid	Netted Fees*	Total Fees and Expenses
Equity Securities			
Public Equity - Emerging Markets	\$ 12,107	\$ 4,720	\$ 16,827
Active Equity - Global	33,018	—	33,018
Passive Equity - Global	1,492	—	1,492
Alternative Investments			
Private Equity	193,937	7,576	201,513
Real Estate	19,822	13,789	33,611
Tangible Assets	22,025	—	22,025
Cash Management	2,369	—	2,369
Debt Securities	—	—	—
Securities Lending Expenses	3,656	—	3,656
Other Fees			
Consultants and Accounting	1,844	—	1,844
Legal Fees	1,335	—	1,335
Research Services	1,837	—	1,837
Miscellaneous Fees	111	—	111
DCP Management Fees	5,009	—	5,009
JRA Management Fees	18	—	18
PERS Plan 3 Management Fees	1,002	—	1,002
SERS Plan 3 Management Fees	443	—	443
TRS Plan 3 Management Fees	2,818	—	2,818
WSIB Operating Costs	12,367	—	12,367
Total Investment Expenses	<u>\$ 315,210</u>	<u>\$ 26,085</u>	<u>\$ 341,295</u>

*Netted fees are included in unrealized gains (losses) in the accompanying financial statements.

Supporting Schedules (continued)

Schedule of Payments to Consultants

For the Year Ended June 30, 2014 – Expressed in Thousands

	Commission/Fee
Computer/Technology	
Aetea Information Technology, Inc.	\$ 163
Fuze Digital Solutions, LLC	59
Martin Analysis and Programming, Inc.	253
Milestone Technology	1
Total Computer/Technology	476
Legal	
Buell Realtime Reporting, LLC	2
Calfo Harrigan Leyh & Eakes, LLP	170
Freimund Jackson Tardif & Benedict Garratt, PLLC	239
Gallitano & O'Connor, LLP	53
Ice Miller, LLP	50
Total Legal	514
Management	
CEM Benchmarking, Inc.	40
Charles W. Cammack Associates, Inc.	24
CliftonLarsonAllen, LLP	69
Kelly Services, Inc.	70
Mass Ingenuity, LLC	128
Solutions@Work	3
The Caughlin Group	14
Total Management	348
Recordkeeping	
ICMA Retirement Corporation	1,263
Total Recordkeeping	1,263
Total Payments to Consultants	\$ 2,601

For fees paid to investment professionals, refer to the investment section of this report.

51 52 53 54 55 56 57 58 59
81 82 83 84 85 86 87 88 89



Report on Investment Activity

Prepared by the Washington State Investment Board

Overview

The Washington State Investment Board (WSIB) manages retirement fund assets to maximize return at a prudent level of risk (Chapter 43.33A.110 RCW). Investment decisions are made within the framework of a Strategic Asset Allocation Policy, and a series of written WSIB-adopted investment policies for the various asset classes in which WSIB invests.

The Retirement Funds, collectively called the Commingled Trust Fund (CTF), increased in value by \$10.2 billion during fiscal 2014 to \$78.1 billion. The CTF return was 17.1 percent for the fiscal year.

Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate and tangible assets. Additional general information about the CTF includes:

- **Participant Concentration** – The DRS Retirement Funds make up 99.7 percent of the CTF. Their respective concentrations are:
 - PERS 1 (10.0%)
 - PERS 2/3 DB and DC plans (37.0%)
 - SERS 2/3 DB and DC plans (6.4%)
 - PSERS 2 (0.4%)
 - TRS 1 (8.2%)
 - TRS 2/3 DB and DC plans (17.6%)
 - WSPRS 1/2 (1.3%)
 - LEOFF 1 (7.2%)
 - LEOFF 2 (11.6%)
- **External Managers** – The WSIB engages approximately 140 partnerships and external managers to assist in the management of the CTF's investments.
- **Risk** – The various risks of the CTF portfolio include interest rate risk, credit risk, concentration risk, and foreign currency risk, as described in Note 1 of the Financial Section of this report. The WSIB has not created a total fund risk profile for the CTF.

- **Leverage** – The WSIB does not leverage the CTF portfolio as a whole. Individual securities within the CTF do have leverage; however, the WSIB does not capture this information on a total basis.
- **Earnings** – The CTF does not distribute earnings directly to the owner funds. The Retirement Fund plans are allowed to purchase or sell units in the pool, based on the fair value of the underlying assets, on the first business day of each month. The net asset value includes interest and dividend income which is recognized on a trade date basis, and purchases and sales of investments which are recorded on a trade date basis.
- **Expense** – The CTF's expense ratio for the year ended June 30, 2014 was 0.4995 percent.
- **Yield** – The CTF's fixed income portfolio has a yield of 2.71 percent.
- **Weighted Average Maturity** – The CTF fixed income portfolio has a weighted average maturity of six years. Additional maturity information is available in Note 1 of the Financial Section of this report.

Basis of Presentation of Investment Data

Investments are reported at fair value. Unrealized gains and losses are included as investment income.

The net assets of the Retirement Funds are valued on a monthly basis using the following sources:

Publicly Traded Securities (Corporate stock, Commingled Funds investment derivatives, and Fixed Income) – Fair values are based on published market prices, quotations from national security exchanges, and security pricing services as of each month-end closing of the New York Stock Exchange.

Limited Partnerships – The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value (such as private equity, real estate, and tangible assets) has been determined by management based on the individual investment's capital account balance, reported at fair value by the general partner, at the closest available reporting period, adjusted for subsequent contributions,

Report on Investment Activity (continued)

distributions, management fees, and changes in value of foreign currency and published market prices for certain securities. The limited partnership's annual financial statements are audited by independent auditors.

Private Equity Limited Partnerships – The fair value of individual capital account balances is based on the valuations reported by private equity partnerships using the following methodologies to value the underlying portfolio companies:

- Valuations of publicly traded portfolio companies are based on active exchanges using quoted market prices as of the close of trading for each month-end.
- When a portfolio company investment does not have a readily available market price, but has a return that is determined by reference to an asset for which a market price is readily available, valuations are based on the closing market price of the reference asset on the valuation date, adjusted for factors that affect the fair value of the investment held.
- When the portfolio company investments are private holdings and are not traded on active security exchanges, valuation methodologies used consist primarily of income and market approaches. The income approach involves a discounted cash flow analysis based on portfolio companies' projections. The market approach involves valuing a company at a multiple of a specified financial measure (generally EBITDA) based on multiples at which comparable companies trade.

Real Estate Limited Partnerships – Real estate partnerships provide quarterly valuations, based on the most recent capital account balance, to WSIB management. Individual properties are valued by the partnerships at least annually, and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are generally externally valued every one to five years, depending upon the partnership. Structured finance investments receive quarterly value adjustments by the partners,

generally applying the assumption that all such positions will be held to maturity. Annual audits of most partnerships include a review of compliance with the partnership's valuation policies.

Interest and dividend income is recognized when earned. Capital gains and losses are recognized on a trade-date basis. Purchases and sales of investments are also recorded on a trade-date basis. The investment results reported for these asset classes in the Investment Section reflect these practices.

Performance

The chart below shows the returns for the CTF on a total fund basis, as well as by asset class. Appropriate benchmark returns are provided for comparison purposes.

Returns for the CTF Based on Total Fund and Asset Class – Periods Ending June 30, 2014				
	1 Year	3 Year	5 Year	10 Year
Total Fund	17.06%	10.07%	12.83%	8.35%
Passive Benchmark	17.78%	8.84%	12.35%	7.06%
Fixed Income	5.96%	4.06%	6.38%	6.00%
Barclays Capital Universal	5.20%	4.22%	5.58%	5.27%
Tangible	4.99%	1.75%	4.34%	n/a
CPI (lagged one quarter) + 400 bp	5.54%	5.86%	6.09%	n/a
Real Estate	13.01%	13.08%	9.73%	9.78%
8% Return Over Rolling 10 Years	n/a	n/a	n/a	8.00%
NCREIF lagged one quarter (for comparison purposes)	11.18%	11.70%	7.89%	8.65%
Public Equity	24.20%	11.30%	15.44%	7.73%
Dow Jones Wilshire Global Index	23.71%	10.70%	15.09%	7.74%
Private Equity	20.02%	12.79%	17.20%	13.26%
Russell 3000 lagged one quarter + 300 bp	25.61%	17.61%	24.93%	10.86%
Innovation	38.84%	17.83%	n/a	n/a
Custom Benchmark	12.99%	0.51%	n/a	n/a
Cash	0.11%	0.14%	0.15%	1.72%
90 Day T-Bills	0.07%	0.09%	0.13%	1.67%

Performance information is compiled by the custodian, State Street Bank. Performance numbers are reported

net of management fees, and are prepared using a time-weighted rate of return based on the current market value.

Asset Allocation

Investment performance is a result of two primary factors: individual asset selection and the allocation of the portfolio among asset classes (e.g. stocks, fixed income, and real estate). Studies suggest that more than 90 percent of investment performance can be explained by asset allocation decision.

Accordingly, the WSIB sets a specific long-term target asset mix and adopts tight ranges around those targets to control the overall risk and return of the CTF. On a daily basis, the WSIB reviews the asset allocation in relation to the established ranges. The staff shifts assets whenever the allocation range for an asset exceeds the approved range or when cash is needed elsewhere.

The WSIB reviews changes to the overall asset mix every three to four years.

The chart below shows the CTF's asset allocation as of June 30, 2014, as well as the long-term target allocations.

Current Asset Allocation and Long-Term Target Allocations – As of June 30, 2014		
Asset Type	Target Allocation	Actual Allocation
Fixed Income	20.00%	25.05%
Tangible Assets	5.00%	1.63%
Real Estate	15.00%	12.36%
Public Equity	37.00%	37.97%
Private Equity	23.00%	22.30%
Innovation	0.00%	0.44%
Cash	0.00%	0.24%
	100.00%	100.00%

Public Equity

The public equity program uses a global benchmark, the Morgan Stanley All Country World with USA Gross Investable Market Index, reflecting the globalization of capital markets. In a world in which American companies like Coca-Cola get most of their revenue from overseas and many so-called foreign companies

serve mainly the U.S., distinctions between "U.S. stocks" and "international stocks" have become increasingly blurred. The WSIB believes that the future success of the program depends on investment managers finding the most attractive opportunities wherever they are in the world.

Because U.S. equity markets are generally efficient and international equity markets are increasingly efficient, most of the WSIB's public equity investments are in low-cost, broad-based passive index funds. We employ both passive U.S. equity and passive international equity in order to maintain policy weights in both areas. All the global equity mandates in which investment firms can pick the most attractive stocks wherever they are in the world (U.S. or international), and all the emerging markets equity mandates are actively managed.

Retirement Funds' Ten Largest Public Equity Holdings As of June 30, 2014

Apple Inc.	1.12%	Nestle SA	0.72%
Exxon Mobil Corp.	0.82%	Novartis AG	0.68%
Johnson & Johnson	0.74%	Oracle Corp.	0.65%
Wells Fargo & Co.	0.73%	Royal Dutch Shell PLC	0.63%
Microsoft Corp.	0.72%	Sanofi	0.61%

Retirement Funds' Ten Largest Public Equity Exposures by Country – As of June 30, 2014

United States	49.68%	France	3.42%
United Kingdom	9.08%	Germany	3.08%
Japan	6.25%	Australia	1.66%
Canada	4.02%	Spain	1.65%
Switzerland	3.51%	Brazil	1.64%

U.S. Equity

The U.S. equity portfolio is structured to capture the returns of the broad U.S. equity market as measured by the Dow Jones Total Stock Market Index (TSMI). The index is comprised of all U.S. domiciled common equities for which pricing information is readily available, and currently represents approximately 5,000 companies. The portfolio is managed externally using a passive management strategy that tracks the index.

Report on Investment Activity (continued)

Non-U.S. Equity

The non-U.S. equity portfolio is benchmarked to a broad non-U.S. equity benchmark, currently the MSCI All Country World ex U.S. Investable Market Index. Approximately 38 percent of the Public equity portfolio is invested in non-U.S. markets, 74 percent of which is invested in developed markets with the remaining portion invested in the emerging markets. Portfolios are managed by external managers employing primarily a passive approach in developed markets and solely active strategies in emerging markets.

Global Equity

The global equity portfolio is benchmarked to a broad global equity benchmark, currently the MSCI All Country World Index Investable Market Index with Gross. Approximately 27 percent of the public equity portfolio is invested in global equity strategies, which includes U.S. and non-U.S. markets. These strategies are managed by external managers employing active strategies.

Fixed Income

The fixed income portfolio is internally managed by WSIB staff with Barclays Capital Universal Index as the performance benchmark. The management strategy is primarily one of sector selection. The portfolio is structured to be over-or-under-weighted relative to the benchmark's sectors: primarily treasuries, agencies, credit, mortgage backed securities and asset backed securities. The duration of the portfolio is slightly shorter than that of the Barclays Capital Universal Index.

Retirement Funds' Fixed Income Sector Distribution – As of June 30, 2014

Investment Type	WSIB Fixed Income	Barclays Capital Universal Index
Cash	0.51%	0.00%
Treasury Inflation Protected Securities (TIPS)	0.00%	0.00%
U.S. Treasury	38.86%	29.33%
U.S. Agency	0.00%	3.03%
U.S. Credit	53.57%	40.69%
Pass-Through Mortgages	4.61%	24.60%
Collateral Mortgage Obligations (CMO)	0.90%	0.00%
Commercial Mtge. Backed Securities (CMBS)	1.27%	1.95%
Asset Backed Securities (ABS)	0.27%	0.40%

Private Equity

The private equity portfolio, originated in 1981, is primarily invested in partnerships that acquire or create ongoing businesses or operating companies. The WSIB has investments in all stages of the business life cycle, from private start-up technology companies to large multinational public concerns. These are long-term investments, typically 10 to 12 years in life. They are expected to generate investment returns well in excess of public equity securities.

Real Estate

The real estate portfolio is invested in a diversified group of properties including office buildings, retail facilities, apartments, warehouses and specialty properties. The majority of these investments have been made in partnerships with operating management groups. The WSIB invests in real estate both in the United States and internationally.

Tangible Assets

The Board added Tangible Assets to its asset allocation in November 2007, and adopted an investment policy for the new assets class in January 2008. The long-term allocation target is 5 percent, plus or minus 2 percent, and the benchmark is the Consumer Price Index (CPI) lagged one quarter plus 400 basis points. The categories of investments in this asset class are agriculture, commodities, infrastructure, natural resource rights and timber. As this is a new asset class, the WSIB is still working towards building to its allocated target.

Portfolio Holdings

A complete list of portfolio holdings is available by contacting:

Washington State Investment Board
2100 Evergreen Park Drive SW
PO Box 40916
Olympia WA 98504-0916
360.956.4600

Summary of Investment Policies

The Washington State Investment Board (WSIB) has been authorized by statute as having the investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk (RCW 43.33A.110).

Retirement Fund Asset Allocation

WSIB establishes asset allocation targets that must be considered at all times when making investment decisions. The asset mix may deviate from the target.

Deviations greater than predetermined acceptable levels require rebalancing back to the target. When an asset class exceeds its range, the goal of rebalancing will be to meet the target allocation within consideration of the other remaining asset classes.

Retirement funds are invested in the Commingled Trust Funds (CTF). The CTF’s performance benchmark objective is to exceed the return of a policy benchmark consisting of public market indices weighted according to asset allocation targets. The asset allocation for the CTF is formally reviewed every three or four years.

WSIB reviews the asset allocation in relation to the established ranges periodically.

Public Markets Equity

The Public Markets equity program seeks to:

- Achieve the highest return possible from active management with passive as the default consistent with prudent risk management and the desire for downside protection;
- Maintain liquidity and transparency in public equity, given WSIB’s allocation to illiquid markets and investment structures in other strategies and/or asset classes; and
- Provide diversification to the WSIB’s overall investment program.

The public markets equity portion of the Retirement Funds invests in publicly traded equities globally, including equity securities in the U.S., developed non-U.S. and emerging markets. The program has a global benchmark, currently the MSCI All Country World Investable Market Index with U.S. Gross (MSCI ACWI IMI w/ U.S. Gross).

Fixed Income

The WSIB’s fixed income investments are actively managed with the goal of exceeding the return of the Barclays Capital Universal Index over the long term. The major permissible investments include U.S. Treasuries and government agencies, Treasury Inflation Protection Securities (TIPS), mortgage-backed securities, asset-backed securities, and credit bonds, both investment grade in quality and below investment grade.

The portfolio is constrained by policy from investing more than 1 percent of the portfolio’s par holdings in any single issuer with a quality rating below investment grade, and from having a duration (the sensitivity of the portfolio’s market value to changes in the level of interest rates) that is more than 20 percent different than the duration of the Universal Index. In addition, the major sector allocations are limited to the following ranges:

Range Limitations of Major Sector Allocations	
U.S. Treasuries and Government Agencies	10-45%
Credit Bonds	10-60%
Asset-Backed Securities	0-10%
Commercial Mortgage-Backed Securities	0-10%
Mortgage-Backed Securities	5-45%

Private Equity Investing

The WSIB can invest in any appropriate private equity investment opportunity which has the potential for returns superior to traditional investment opportunities and which is not prohibited by the WSIB’s policies or by law. As previously indicated, these investment types are divided into venture capital investments, corporate finance (including leveraged, management

Summary of Investment Policies (continued)

and employee buyouts), distressed, international and mezzanine investments. Private equity investments are made through limited partnership vehicles.

To meet the return and plan objectives, the private equity portfolio has diversified investments in companies in a variety of stages of growth. The portfolio also includes a broad cross-section of opportunities in different industries and geographic regions.

Real Estate Program

The WSIB's real estate program is an externally managed pool of selected partnership investments, intended to provide alternative portfolio characteristics when compared to traditional stock and bond investments.

The majority of the WSIB's partnerships invest in institutional-quality real estate assets that are leased to third parties. The combination of income generated from bond-like lease payments, coupled with the hard asset qualities of real estate, combine to generate returns that are expected to fall between the return expectations for fixed income and equities.

The real estate portfolio is managed to deliver risk-adjusted returns that are consistent with the Board's long term return expectations for the asset class. The WSIB's real estate partnerships typically invest in private real estate assets that are held for long term income and appreciation. Many of the WSIB's investment partnerships do not involve co-investment with other financial entities, thereby providing the WSIB with control provisions related to liquidation, acquisition and ongoing operational decisions for annual capital expenditures.

Volatility within the real estate portfolio is minimized through a combination of factors. First, the majority of the WSIB's partners own real estate assets in a private investment form which is not subject to public market volatility. Secondly, real estate capital is diversified among a host of partners with varying investment styles. Thirdly, partnership assets are invested in numerous economic regions, including foreign markets, and in various property types. Finally, WSIB partners invest at different points within the properties' capital structure and life cycle.

The WSIB's current benchmark for real estate is an 8 percent return over a rolling ten years. The National Council of Real Estate Investment Fiduciaries (NCREIF) property index lagged one quarter is still used for comparison purposes but is no longer the policy benchmark.

Tangible Assets

The WSIB can invest in any tangible asset investment opportunity demonstrating acceptable risk-adjusted returns provided such opportunities are not prohibited by Board policy or by law. The WSIB will seek to establish a prudent and disciplined approach to achieving a well-diversified portfolio of tangible asset investments targeting appropriate risk-adjusted returns for the asset class. Staff will make best efforts to obtain significant co-investment from their investment partners in order to improve alignment of interests.

Staff will prudently seek to diversify the portfolio cognizant of each partner's strategy and business plan. Investments will not be made solely to achieve product type or geographic diversification.

Investment Professionals

For the Year Ended June 30, 2014 – Page 1 of 2

The following investment professionals provided service to the Retirement Funds during Fiscal Year 2014.

Private Equity Partners

Accel Partners
 Actis
 Advent International
 Affinity Equity Partners
 Alta Communications
 Ampersand Ventures
 Apax Partners
 Apex Investment Partners
 Austin Ventures
 Avenue Capital Group
 Banc Funds
 Battery Ventures
 BC Partners
 Blackstone Group
 Boston Ventures
 Bridgepoint Capital
 Butler Capital Partners
 Canaan Partners
 Capital Resource Partners
 CDH Investments
 Charterhouse Capital Partners
 Cinven Ltd.
 Clayton Dubilier & Rice
 Code, Hennessy & Simmons
 Collison, Howe and Lennox
 Cypress Group
 Denham Capital
 Doughty Hanson & Co.
 Edgewater Funds
 EIG Global Energy Partners
 El Dorado Ventures
 Elevation Partners
 Endeavour Capital
 Essex Woodlands
 Evercore Capital Partners
 Evergreen Pacific Partners
 First Reserve Corp.
 Fisher Lynch Capital
 Flagship Ventures
 Fortress Investment Group
 FountainVest Partners
 Francisco Partners
 Frazier & Co.

Friedman Fleischer & Lowe
 GGV Capital
 GI Partners
 Gilbert Global Equity Partners
 Great Hill Partners
 Green Mountain Partners
 Gryphon Investors
 GTCR
 H.I.G. Ventures
 HarbourVest Partners
 Healthcare Ventures
 Hellman & Friedman
 Indigo Capital Partners
 Insight Venture Partners
 Intersouth Partners
 JMI Equity
 Kohlberg Kravis Roberts & Co.
 KSL Capital Partners
 Leonard Green & Partners
 M/C Venture Partners
 Madison Dearborn Partners
 MatlinPatterson Global Advisors
 Menlo Ventures
 Mobius Venture Capital
 Morgan Stanley Venture Partners
 New Enterprise Associates
 Nordic Capital
 Oak Investment Partners
 Oaktree Capital Management
 Olympus Partners
 OVP Venture Partners
 Palamon Capital Partners
 Permira
 Polaris Venture Partners
 Providence Equity Partners
 Roark Capital Group
 Silver Lake Partners
 Southern Cross Group
 Spark Management Partners
 Sprout Group
 TA Associates
 Tailwind Capital Partners
 Technology Crossover Ventures
 The Riverside Company

Investment Professionals (continued)

For the Year Ended June 30, 2014 – Page 2 of 2

Private Equity Partners (continued)

Three Arch Partners
TowerBrook Capital Partners
TPG Partners
Trident Capital Partners
Triton Partners
U.S. Venture Partners
Union Square Ventures
Unitas Capital
VantagePoint Venture Partners
Värde Partners
Vestar Capital Partners
Vision Capital
Vivo Ventures
Warburg Pincus
Welsh Carson Anderson & Stowe
Worldview Technology Partners

Real Estate Partners

Aevitas Property Partners
Alere Property Group
Calzada Capital Partners
Cherokee
Emerging Markets Fund of Funds
Evergreen Investment Advisors
Fillmore Capital Partners
Global Co-Investment
Hemisferio Sul
Hometown America
Hudson Advisors
Morgan Stanley
Pacific Realty
Principal Enterprise Capital
Proprium
Warburg Pincus
Washington Holdings

Tangible Partners

Agriculture Capital Management
Alinda Capital Partners
Campbell Global
Fortress Investment Group
Global Infrastructure Partners
Highstar Capital
Lime Rock Resources
Orion Resource Partners
Sheridan Production Partners
Stonepeak Advisors
UBS AgriVest
Wood Creek Capital Management

Public Equity Fund Managers

Aberdeen Asset Management PLC
Arrowstreet Capital, L.P.
BlackRock Institutional Trust Company
DE Shaw Investment Management
Grantham, Mayo, Van Otterloo & Co. LLC
JPMorgan Asset Management, Inc.
Lazard Asset Management LLC
Longview
Magellan Asset Management Limited
Mondrian Investment Partners Ltd.
State Street Global Advisors
Wentworth, Hauser & Violich
William Blair & Co.

Overlay Manager

State Street Global Advisors

Schedule of Investment Management Fees and Commissions

Schedule of Investment Management Fees and Commissions For the Year Ended June 30, 2014 – Expressed in Thousands

	Fees Paid	Netted Fees*	Total Fees	Assets Under Management
Equity Securities				
Public Equity - Emerging Markets	\$ 12,107	\$ 4,720	\$ 16,827	\$ 2,888,843
Active Equity - Global	33,018	–	33,018	11,355,375
Passive Equity - Global	1,492	–	1,492	15,820,620
Alternative Investments				
Private Equity	193,937	7,576	201,513	18,339,536
Real Estate	19,822	13,789	33,611	9,904,126
Tangible Assets	22,025	–	22,025	1,363,458
Cash Management	2,369	–	2,369	1,288,348
Debt Securities	–	–	–	18,260,000
Securities Lending Expenses	3,656	–	3,656	–
Other Fees				
Consultants and Accounting	1,844	–	1,844	–
Legal Fees	1,335	–	1,335	–
Research Services	1,837	–	1,837	–
Miscellaneous Fees	111	–	111	–
DCP Management Fees	5,009	–	5,009	–
JRA Management Fees	18	–	18	–
PERS Plan 3 Management Fees	1,002	–	1,002	–
SERS Plan 3 Management Fees	443	–	443	–
TRS Plan 3 Management Fees	2,818	–	2,818	–
WSIB Operating Costs	12,367	–	12,367	–
Total Investment Expenses	\$ 315,210	\$ 26,085	\$ 341,295	\$ 79,220,306

*Netted fees are included in unrealized gains (losses) in the accompanying financial statements.

Schedule of Broker Volume and Equity Commissions Paid

Schedule of Broker Volume and Equity Commissions Paid						
For the Year Ended June 30, 2014 – Page 1 of 5						
Expressed in Thousands						
Dealer	Equity				Fixed Income	
	Volume Transacted	Buy Cost	Proceeds	Commissions	Long-Term Volume Transacted	Short-Term Volume Transacted
ABG SECURITIES AS (NORGE), FILIAL STOCKHOLM	\$ 433	\$ —	\$ 12,824	\$ 19	\$ —	\$ —
AUTONOMOUS RESEARCH LLP	234	4,177	—	6	—	—
BANCA POPOLARE DI MAROSTICA	5	47	—	—	—	—
BANCO BTG PACTUAL SA	1,048	5,866	6,741	14	—	—
BANCO ITAU SA	1,036	4,720	3,312	12	—	—
BANCO SANTANDER BRASIL SA	—	—	—	—	149,597	—
BANCO SANTANDER CENTRAL HISPANO SA	1,667	4,614	3,428	7	—	—
BANK OF AMERICA	—	—	—	—	36,562	—
BANK OF AMERICA INTL NY UNITED STATES	—	—	—	—	1,994,578	—
BANK OF AMERICA SECURITIES LLC	—	—	—	—	2,274,090	—
BANK OF NEW YORK MELLON CORP	—	—	—	—	17,952	—
BANK OF NEW YORK/BARCLAYS LONDON	—	—	—	—	50,863	—
BANK VONTOBEL	24	4,200	3,461	12	—	—
BARCLAYS BANK PLC	—	—	—	—	333,467	—
BARCLAYS BANK PLC LONDON	—	—	—	—	11,968	—
BARCLAYS CAPITAL	3,067	21,130	21,818	25	939,843	—
BARCLAYS CAPITAL INC	—	—	—	—	443,803	—
BARCLAYS CAPITAL INC/LE	20,543	479,170	458,984	6	—	—
BARCLAYS CAPITAL LE	9	—	202	—	—	—
BARCLAYS CAPITAL SECURITIES LIMITED	15	—	1,237	—	—	—
BNP PARIBAS SECURITIES SERVICES	208	419	82	—	—	—
BTIG, LLC	164	6,082	1,082	5	—	—
CANTOR FITZGERALD & COMPANY	2,066	694	50,487	78	—	—
CANTOR FITZGERALD EUROPE	19	24	4,974	4	—	—
CELFIN CAPITAL SA CORREDORES DE BOLSA	181	2,204	—	3	—	—
CHINA INTERNATIONAL CAPITAL CORPORATION	9,218	11,559	13,222	13	—	—
CIBC WORLD MARKETS CORP	191	6,906	—	7	24,933	—
CITIBANK	—	—	—	—	14,960	—
CITIBANK NA LONDON	—	—	—	—	5,984	—
CITIGROUP GLOBAL MARKET KOREA SECS LTD	15	4,524	5,133	23	—	—
CITIGROUP GLOBAL MARKETS AUSTRALIA PTY	369	—	2,129	2	—	—
CITIGROUP GLOBAL MARKETS INC	46,127	397,966	753,427	311	—	—
CITIGROUP GLOBAL MARKETS INC SALOMON BRO	—	—	—	—	3,580,155	—
CITIGROUP GLOBAL MARKETS LIMITED	39,561	167,749	167,005	184	—	—
CITIGROUP GLOBAL MARKETS TAIWAN	1,027	3,558	—	4	—	—
CLEARSTREAM BANKING SA LUXEMBOURG	—	—	—	—	2,992	—
CLSA SECURITIES KOREA LTD	8	2,128	1,018	4	—	—
CLSA SINGAPORE PTE LTD	11,231	42,225	30,709	46	—	—
COMMERCE INTL MERCHANT BANKERS	120	—	206	—	—	—

Schedule of Broker Volume and Equity Commissions Paid
For the Year Ended June 30, 2014 – Page 2 of 5
Expressed in Thousands

Dealer	Equity				Fixed Income	
	Volume Transacted	Buy Cost	Proceeds	Commissions	Long-Term Volume Transacted	Short-Term Volume Transacted
CONCORDIA SA CVMCC	\$ 146	\$ —	\$ 923	\$ 1	\$ —	\$ —
CONVERGEX EXECUTION SOLUTIONS LLC	—	21	—	—	—	—
CREDIT AGRICOLE SECURITIES (USA) INC	13	1,140	112	—	17,952	—
CREDIT LYONNAIS SECURITIES (ASIA)	7,319	19,652	1,620	19	—	—
CREDIT LYONNAIS SECURITIES (INDIA)	1,429	9,270	6,991	19	—	—
CREDIT SUISSE	230	8,869	—	—	53,909	—
CREDIT SUISSE FIRST BOSTON	—	—	20	—	—	—
CREDIT SUISSE FIRST BOSTON (EUROPE)	11	—	13,825	7	—	—
CREDIT SUISSE FIRST BOSTON SA CTVM	267	3,079	1,896	8	—	—
CREDIT SUISSE SECS (INDIA) PRIVATE LTD	35	524	217	—	—	—
CREDIT SUISSE SECURITIES (EUROPE) LTD	16,145	133,573	154,655	85	—	—
CREDIT SUISSE SECURITIES (USA) LLC	81,420	697,520	672,680	241	2,613,016	—
CS FIRST BOSTON (HONG KONG) LIMITED	55	—	271	—	—	—
CSFB AUSTRALIA EQUITIES LTD	910	—	13,832	6	—	—
CUSIP CHANGE NON CASH	46	335	335	—	—	—
DAIWA SECURITIES AMERICA INC	1,618	5,645	10,316	16	—	—
DAIWA SECURITIES CAPITAL MARKETS	572	6,495	14,970	14	—	—
DAIWA SECURITIES HONG KONG LTD	15,467	88,338	123,551	82	—	—
DEUTSCHE BANK	1,024	25,899	—	—	—	—
DEUTSCHE BANK AG LONDON	15,213	166,717	92,480	127	—	—
DEUTSCHE BANK AG NEW YORK	—	—	—	—	1,287,791	—
DEUTSCHE BANK SECURITIES INC	6,978	22,600	39,235	51	559,548	—
DEUTSCHE EQUITY INDIA PRIVATE LTD	695	6,410	910	8	—	—
EUROCLEAR BANK SA/NV	—	24	—	—	2,992	—
EXANE SA	2,495	23,521	22,728	42	—	—
FIDELITY CLEARING CANADA	105	4,268	—	2	—	—
GOLDMAN SACHS & CO	6,035	50,034	101,471	89	1,145,566	—
GOLDMAN SACHS (ASIA) LLC	2,619	1,737	1,080	3	—	—
GOLDMAN SACHS (INDIA)	369	—	2,568	3	—	—
GOLDMAN SACHS DO BRASIL CORRETORA	147	2,442	—	5	—	—
GOLDMAN SACHS EQUITY SECURITIES (UK) LTD	168	3,822	—	2	—	—
GOLDMAN SACHS INTERNATIONAL	33,501	136,661	129,363	118	—	—
GOODBODY STOCKBROKERS	2,090	1,486	2,510	3	—	—
GREENWICH CAPITAL MARKETS	—	—	—	—	7,978	—
G—TRADE SERVICES LTD	3,726	25,657	30,695	12	—	—
HANWHA SECURITIES (SEOUL)	2	1,281	1,737	2	—	—
HONGKONG AND SHANGHAI BANKING CORP	19,783	8,157	12,237	12	—	—
HSBC BANK BRASIL SA	63	—	320	—	—	—
HSBC BANK PLC	24,606	101,193	85,155	67	—	—

Schedule of Broker Volume and Equity Commissions Paid (continued)

Schedule of Broker Volume and Equity Commissions Paid						
For the Year Ended June 30, 2014 – Page 3 of 5						
Expressed in Thousands						
Dealer	Equity				Fixed Income	
	Volume Transacted	Buy Cost	Proceeds	Commissions	Long-Term Volume Transacted	Short-Term Volume Transacted
HSBC SECURITIES	\$ 547	\$ 1,414	\$ 56	\$ 2	\$ –	\$ –
HSBC SECURITIES (USA) INC	29,318	355,485	290,610	171	602,376	–
HSBC SECURITIES HOLDINGS PLC	2,540	9,216	8,709	21	–	–
INDIA INFOLINE LTD	63	535	–	1	–	–
INSTINET	3	–	78	–	–	–
INSTINET AUSTRALIA CLEARING SERVICES PTY LTD	3,697	8,323	24,073	12	–	–
INSTINET EUROPE LTD	71,462	349,546	412,711	285	–	–
INSTINET LLC	13,361	228,434	217,697	112	–	–
INSTINET PACIFIC LTD	28,146	42,323	12,033	34	–	–
INSTINET SINGAPORE SERVICES PTE LTD	136	–	1,349	1	–	–
INVESTEC BANK PLC	257	2,991	2,085	7	–	–
INVESTMENT TECHNOLOGY GROUP INC	20,208	340,313	364,858	178	–	–
INVESTMENT TECHNOLOGY GROUP LTD	59,185	207,114	361,135	181	–	–
ITAU USA SECURITIES INC	14	310	–	–	–	–
ITG AUSTRALIA LTD	5,853	7,865	19,319	11	–	–
ITG CANADA CORP	2,597	18,937	21,679	19	–	–
ITG SECURITIES (ASIA) LTD	22,605	22,341	15,275	16	–	–
J.P. MORGAN CHASE/J.P. MORGAN INTL	–	–	–	–	80,782	–
J.P. MORGAN CLEARING CORP	13,438	209,865	203,004	210	–	–
J.P. MORGAN INDIA PRIVATE LTD	160	–	1,158	–	–	–
J.P. MORGAN SECURITIES (FAR EAST) LTD	31	2,001	797	2	–	–
J.P. MORGAN SECURITIES (TAIWAN) LTD	1,511	5,730	–	7	–	–
J.P. MORGAN SECURITIES INC	4,567	33,442	74,773	71	1,127,905	–
JEFFERIES & COMPANY, INC	277	26,596	1	31	199,462	–
JEFFERIES INTERNATIONAL LTD	1,515	9,524	15,272	14	–	–
JMP SECURITIES LLC	218	–	5,558	8	–	–
JONES TRADING INSTITUTIONAL SERVICES LLC	871	–	16,036	34	–	–
JP MORGAN CHASE BANK/HSBCSI	–	–	–	–	281,242	–
JP MORGAN SECURITIES AUSTRALIA LTD	950	5,397	4,184	3	–	–
JP MORGAN SECURITIES PLC	27,001	146,754	179,493	178	51,860	–
JP MORGAN SECURITIES SINGAPORE PTE LTD	1,544	2,206	5,497	9	–	–
JPMORGAN CHASE	454	3,876	–	–	–	–
JPMORGAN CHASE BANK	–	–	–	–	593,013	–
JPMORGAN CHASE BANK NA (LONDON)	153	2,835	2,769	2	–	–
JPMORGAN CHASE BANK/RBS SECURITIES INC	–	–	–	–	199,462	–
JPMORGAN SECURITIES (ASIA PACIFIC) LTD	15,577	14,688	45,194	33	–	–
KCG AMERICAS LLC	91	–	6,703	8	–	–
KEEFE, BRUYETTE & WOODS LTD	496	8,960	–	13	–	–
KEPLER EQUITIES	59	–	11,362	11	–	–

Schedule of Broker Volume and Equity Commissions Paid
For the Year Ended June 30, 2014 – Page 4 of 5
Expressed in Thousands

Dealer	Equity				Fixed Income	
	Volume Transacted	Buy Cost	Proceeds	Commissions	Long-Term Volume Transacted	Short-Term Volume Transacted
KNIGHT EQUITY MARKETS LP	\$ 847	\$ 35,222	\$ 14,593	\$ 24	\$ –	\$ –
KNIGHT EXECUTION & CLEARING SERVICES LLC	372	–	7,872	13	–	–
KOTAK SECURITIES LTD	128	2,807	–	3	–	–
LEERINK SWANN & COMPANY	20	–	466	1	–	–
LIQUIDNET ASIA LIMITED	5,253	6,134	67	6	–	–
LIQUIDNET CANADA INC	14	528	–	–	–	–
LIQUIDNET EUROPE LIMITED	2	202	–	–	–	–
LIQUIDNET INC	3,978	120,286	147,599	80	–	–
LOOP CAPITAL MARKETS	2,285	36,960	47,369	21	–	–
LOOP CAPITAL MARKETS LLC	12	–	60	–	–	–
MACQUARIE BANK LIMITED	11,631	23,862	18,795	24	–	–
MACQUARIE CAPITAL (EUROPE) LTD	344	–	3,859	3	–	–
MACQUARIE SECURITIES (INDIA) PRIVATE LTD	1,891	14,123	13,432	23	–	–
MACQUARIE SECURITIES (NEW ZEALAND) LTD	58	–	635	1	–	–
MACQUARIE SECURITIES (SINGAPORE) PRIVATE LTD	1,480	5,471	444	2	–	–
MERRILL LYNCH	2,011	46,364	–	–	–	–
MERRILL LYNCH CANADA INC	971	16,127	16,305	2	–	–
MERRILL LYNCH INTERNATIONAL	34,977	140,739	137,670	127	–	–
MERRILL LYNCH, PIERCE, FENNER & SMITH INC	46,359	614,724	466,572	386	–	–
MIZUHO SECURITIES USA INC	190	5,172	672	7	–	–
MIZUHO SECURITIES USA/FIXED INCOME	–	–	–	–	39,243	–
MORGAN STANLEY	145	3,940	–	–	44,709	–
MORGAN STANLEY & CO INC	–	–	–	–	2,390	–
MORGAN STANLEY & CO INTERNATIONAL	4,903	149,011	35,861	55	6,981	–
MORGAN STANLEY ASIA (TAIWAN) LTD	657	7,035	–	14	–	–
MORGAN STANLEY DW INC	758	6,130	23,120	30	–	–
MORGAN STANLEY GROUP INC	12,010	31,658	63,897	72	1,630,236	–
MORGAN STANLEY SECURITIES LIMITED	864	12,788	953	9	–	–
MOTILAL OSWAL SECURITIES LTD	128	3,056	–	3	–	–
NATIONAL FINANCIAL SERVICES CORP	–	–	–	–	2,992	–
NOMURA FINANCIAL ADVISORY & SECURITIES (INDIA)	152	781	–	1	–	–
NOMURA FIXED INCOME SECURITIES PRIVATE LTD	–	–	–	–	9,973	–
PAREL	239	–	4,223	6	–	–
PAVILION GLOBAL MARKETS LTD	13,706	227,540	205,690	110	–	–
PENSERRA SECURITIES LLC	13,340	194,450	225,178	105	–	–
PERSHING LLC	4,009	67,841	14,830	26	10,970	–
PERSHING SECURITIES LTD	262	–	4,572	3	–	–
PULSE TRADING INC	47	687	451	1	–	–
RBC CAPITAL MARKETS	153	4,076	488	6	109,704	–

Schedule of Broker Volume and Equity Commissions Paid (continued)

Schedule of Broker Volume and Equity Commissions Paid For the Year Ended June 30, 2014 – Page 5 of 5 Expressed in Thousands						
Dealer	Equity				Fixed Income	
	Volume Transacted	Buy Cost	Proceeds	Commissions	Long-Term Volume Transacted	Short-Term Volume Transacted
RBC CAPITAL MARKETS LLC	\$ 43	\$ –	\$ 3,637	\$ 1	\$ –	\$ –
RBC DOMINION SECURITIES INC	320	10,589	923	6	–	–
REASSURANCE ET FINANCES SA REAFIN	–	–	6	–	–	–
ROYAL BANK OF CANADA EUROPE LTD	454	2,013	4,550	7	–	–
SAMSUNG SECURITIES CO LTD	8	1,078	9,072	6	–	–
SANFORD C BERNSTEIN & CO LLC	40,023	592,024	369,131	240	–	–
SANFORD C BERNSTEIN LTD	22,321	128,015	135,379	102	–	–
SCOTIA CAPITAL (USA) INC	94	–	3,310	4	–	–
SCOTIA CAPITAL MARKETS	135	6,509	–	5	–	–
SECURITIES SERVICES NOMINEES LTD	2	11	–	–	–	–
SG AMERICAS SECURITIES LLC	8,873	135,981	139,978	69	–	–
SG ASIA SECURITIES (INDIA) PRIVATE LTD	316	8,026	–	8	–	–
SG SECURITIES (HK) LTD	9,156	25,529	50,020	28	–	–
SMBC NIKKO SECURITIES AMERICA INC	910	2,939	5,751	10	–	–
SOCIETE GENERALE (LONDON BRANCH) PRIVATE	28,743	90,738	173,454	92	–	–
SOCIETE GENERALE PARIS ZURICH BRANCH	180	1,345	12,618	21	–	–
STANDARD CT AIG	–	–	–	–	59,839	–
STATE STREET BANK & TRUST	–	–	–	–	–	24,191,925
STERNE, AGEE & LEACH INC	902	–	22,925	36	–	–
STIFEL NICOLAUS	862	13,597	–	–	–	–
STIFEL NICOLAUS & COMPANY INC	875	17,019	9,130	9	–	–
TD SECURITIES	–	–	–	–	299,193,181	–
TERA MENKUL DEGERLER AS	5,390	5,407	6,844	14	–	–
TORONTO–DOMINION BANK	50	–	577	1	54,852	–
UBS AG	16,371	207,579	184,061	169	–	–
UBS AG (LONDON)	55	–	539	–	–	–
UBS SECURITIES ASIA LTD	12,614	3,391	38,352	22	–	–
UBS SECURITIES CANADA INC	24	972	–	–	–	–
UBS SECURITIES LLC	23,321	511,115	514,358	236	213,424	–
UBS WARBURG AUSTRALIA EQUITIES LTD	5,632	6,932	39,374	32	–	–
UBS WARBURG LLC	55	1,616	–	3	–	–
UBS WARBURG SECURITIES LTD	854	10,237	3,370	5	–	–
WEEDEN & CO	23,415	386,193	417,711	201	–	–
WELLS FARGO SECURITIES LLC	1	–	16	–	342,336	–
WILLIAMS CAPITAL GROUP LP (THE)	2	–	58	–	–	–
Total	\$ 1,078,990	\$ 8,739,922	\$ 9,004,469	\$ 6,005	\$ 320,427,431	\$ 24,191,925

Summary of Investments Owned – Pension Trust Funds

Summary of Investments Owned as of June 30, 2014

Pension Trust Funds – Page 1 of 7

Expressed in Thousands

Description	Rate	Maturity	Market Value	% of Total Market Value
ASSET BACKED SECURITIES				
CITIBANK CREDIT CARD ISSUANCE	1.02	2/22/2019	\$ 49,811	0.06%
TOTAL ASSET BACKED SECURITIES			49,811	0.06%
RESIDENTIAL MORTGAGE BACKED SECURITIES				
GNMA II TBA JUL 30YR JUMBOS	3.50	12/1/2099	109,774	0.12%
FNMA POOL AL5255	2.50	7/1/2028	94,472	0.11%
FNMA TBA JUL 30 SINGLE FAM	5.00	7/1/2099	61,936	0.07%
FNMA POOL AB8447	2.50	2/1/2028	59,374	0.07%
FNMA TBA JUL 15YR	2.50	12/1/2099	58,640	0.07%
FHLMC GOLD TBA 30YR	3.50	12/1/2099	56,925	0.06%
FED HM LN PC POOL E03033	3.00	2/1/2027	54,000	0.06%
FNMA POOL AL5250	2.50	10/1/2028	49,887	0.06%
FNMA TBA JUL 30YR SINGLE FAM	4.00	12/1/2099	48,252	0.05%
FED HM LN PC POOL G18484	3.00	10/1/2028	48,137	0.05%
Other			695,691	0.79%
TOTAL RESIDENTIAL MORTGAGE BACKED SECURITIES			1,337,088	1.52%
COMMERCIAL MORTGAGE BACKED SECURITIES				
GS MORTGAGE SECURITIES TRUST	5.55	4/10/2038	42,074	0.05%
MORGAN STANLEY CAPITAL I TRUST	5.60	3/12/2044	40,492	0.05%
BEAR STEARNS COMMERCIAL MORTGAGE	5.54	9/11/2041	36,177	0.04%
CITIGROUP COMMERCIAL MORTGAGE	5.43	10/15/2049	32,454	0.04%
CD COMMERCIAL MORTGAGE TRUST	5.48	1/15/2046	29,414	0.03%
GS MORTGAGE SECURITIES TRUST	3.52	6/10/2047	15,674	0.02%
CITIGROUP COMMERCIAL MORTGAGE	2.79	3/10/2047	13,408	0.02%
UBS BARCLAYS COMMERCIAL MORTGAGE	3.09	8/10/2049	9,979	0.01%
GS MORTGAGE SECURITIES TRUST	3.68	8/10/2043	6,421	0.01%
WELLS FARGO COMMERCIAL MORTGAGE	3.35	11/15/2043	3,929	0.00%
Other			2,273	0.00%
TOTAL COMMERCIAL MORTGAGE BACKED SECURITIES			232,295	0.26%
CORPORATE BONDS - DOMESTIC DOLLAR DENOMINATED				
VERIZON COMMUNICATIONS	5.15	9/15/2023	72,589	0.08%
BANK OF AMERICA NA	1.13	11/14/2016	69,750	0.08%
ANHEUSER-BUSCH INBEV WORLDWIDE	6.88	11/15/2019	61,195	0.07%
TTX CO	4.90	3/1/2015	40,992	0.05%
INTER-AMERICAN DEVELOPMENT BANK	4.38	1/24/2044	38,264	0.04%
UNION PACIFIC RAILROAD CORP	5.87	7/2/2030	36,213	0.04%
PUGET SOUND ENERGY INC	6.50	12/15/2020	36,106	0.04%
NEWFIELD EXPLORATION CO	7.13	5/15/2018	35,993	0.04%
GLENCORE FUNDING LLC	4.63	4/29/2024	35,981	0.04%
NORFOLK SOUTHERN CORP	6.00	3/15/2105	35,213	0.04%
Other			776,619	0.88%
TOTAL CORPORATE BONDS – DOMESTIC DOLLAR DENOMINATED			1,238,915	1.40%

Summary of Investments Owned – Pension Trust Funds (continued)

Summary of Investments Owned as of June 30, 2014

Pension Trust Funds – Page 2 of 7

Expressed in Thousands

Description	Rate	Maturity	Market Value	% of Total Market Value
CORPORATE BONDS – DOMESTIC NON DOLLAR DENOMINATED				
ANHEUSER-BUSCH INBEV WORLDWIDE	9.75	11/17/2015	\$ 18,097	0.02%
TOTAL CORPORATE BONDS – DOMESTIC NON DOLLAR DENOMINATED			18,097	0.02%
CORPORATE BONDS – FOREIGN NON DOLLAR DENOMINATED				
PETROLEOS MEXICANOS	7.19	9/12/2024	42,877	0.05%
AMERICA MOVIL SA DE CV	8.46	12/18/2036	30,260	0.03%
SACI FALABELLA	6.50	4/30/2023	27,891	0.03%
PETROLEOS MEXICANOS	7.65	11/24/2021	26,933	0.03%
AMBEV INTERNATIONAL FINANCE CO	9.50	7/24/2017	26,060	0.03%
ITAU UNIBANCO HLDG SA/KY	10.50	11/23/2015	17,871	0.02%
CIA DE ELE DO E DA BAHIA	11.75	4/27/2016	17,600	0.02%
BRF SA	7.75	5/22/2018	17,560	0.02%
TURKIYE GARANTI BANKASI	7.38	3/7/2018	17,280	0.02%
OI SA	9.75	9/15/2016	16,966	0.02%
Other			105,554	0.12%
TOTAL CORPORATE BONDS – FOREIGN NON DOLLAR DENOMINATED			346,852	0.39%
CORPORATE BONDS – FOREIGN DOLLAR DENOMINATED				
NATIONAL AUSTRALIA BANK	1.30	6/30/2017	74,870	0.08%
PERUSAHAAN GAS NEGARA	5.13	5/16/2024	74,137	0.08%
INVERSIONES CMPC	6.13	11/5/2019	72,911	0.08%
CANADIAN OIL SANDS	7.75	5/15/2019	62,586	0.07%
ECOPETROL	7.63	7/23/2019	60,830	0.07%
RELIANCE HOLDINGS USA	4.50	10/19/2020	57,259	0.06%
GTL TRADE FINANCE INC	5.89	4/29/2024	56,429	0.06%
BANK OF CHINA HONG KONG	5.55	2/11/2020	55,061	0.06%
BANK OF NOVA SCOTIA	2.05	6/5/2019	54,622	0.06%
ENCANA CORP	5.90	12/1/2017	54,487	0.06%
Other			5,697,073	6.46%
TOTAL CORPORATE BONDS – FOREIGN DOLLAR DENOMINATED			6,320,265	7.17%
US GOVERNMENT TREASURIES				
US TREASURY N/B	1.25	10/31/2018	593,693	0.67%
US TREASURY N/B	0.88	6/15/2017	498,763	0.57%
US TREASURY N/B	1.13	5/31/2019	438,615	0.50%
US TREASURY N/B	1.25	8/31/2015	343,384	0.39%
US TREASURY N/B	0.88	1/31/2017	300,514	0.34%
US TREASURY N/B	0.13	12/31/2014	299,213	0.34%
US TREASURY N/B	0.13	4/30/2015	299,213	0.34%
US TREASURY N/B	0.38	5/31/2016	298,884	0.34%
US TREASURY N/B	1.00	9/30/2016	256,777	0.29%
US TREASURY N/B	0.50	6/30/2016	249,509	0.28%
Other			3,505,366	3.97%
TOTAL US GOVERNMENT TREASURIES			7,083,931	8.03%

Summary of Investments Owned as of June 30, 2014
Pension Trust Funds – Page 3 of 7
Expressed in Thousands

Description	Rate	Maturity	Market Value	% of Total Market Value
FOREIGN GOVERNMENT AND AGENCIES – DOLLAR DENOMINATED				
REPUBLICA ORIENTAL DEL URUGUAY	4.38	12/15/2028	\$ 52,990	0.06%
REPUBLIC OF INDONESIA	5.38	10/17/2023	52,915	0.06%
BANCO NAC DE DESEN ECONO	5.50	7/12/2020	32,413	0.04%
PROVINCE OF ONTARIO	2.00	1/30/2019	30,265	0.03%
STATE OF QATAR	5.25	1/20/2020	28,388	0.03%
PROVINCE OF MANITOBA	3.05	5/14/2024	25,120	0.03%
REPUBLIC OF KOREA	7.13	4/16/2019	24,586	0.03%
MONGOLIA INTERNATIONAL BOND	5.13	12/5/2022	23,425	0.03%
PROVINCE OF QUEBEC	7.50	7/15/2023	23,111	0.03%
REPUBLIC OF INDONESIA	6.75	1/15/2044	11,468	0.01%
Other			47,525	0.05%
TOTAL FOREIGN GOVERNMENT AND AGENCIES – DOLLAR DENOMINATED			352,206	0.40%
FOREIGN GOVERNMENT AND AGENCIES – NON DOLLAR DENOMINATED				
NEW S WALES TREASURY CRP	5.50	3/1/2017	100,821	0.11%
BRITISH COLUMBIA PROV OF	2.25	11/13/2014	96,337	0.11%
MALAYSIAN GOVERNMENT	4.01	9/15/2017	66,090	0.07%
REPUBLIC OF COLUMBIA	4.38	3/21/2023	60,691	0.07%
FEDERAL REPUBLIC OF BRAZIL	10.25	1/10/2028	52,257	0.06%
QUEENSLAND TREASURY CORP	6.00	9/14/2017	51,597	0.06%
QUEENSLAND TREASURY CORP	4.25	7/21/2023	48,256	0.05%
THAILAND GOVERNMENT BOND	3.25	6/16/2017	46,985	0.05%
REPUBLIC OF CHILE	5.50	8/5/2020	42,449	0.05%
NOTA DO TESOURO NACIONAL	10.00	1/1/2023	40,491	0.05%
Other			317,848	0.36%
TOTAL FOREIGN GOVERNMENT AND AGENCIES – NON DOLLAR DENOMINATED			923,822	1.05%
SUPRANATIONAL – NON DOLLAR DENOMINATED				
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	4.25	1/28/2015	54,168	0.06%
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	5.75	10/21/2019	52,118	0.06%
INTERNATIONAL FINANCE CORP	5.00	12/21/2015	42,285	0.05%
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	13.63	5/9/2017	34,817	0.04%
INTERNATIONAL AMERICAN DEVELOPMENT BANK	6.50	8/20/2019	32,209	0.04%
INTERNATIONAL FINANCE CORP	8.25	6/10/2021	25,989	0.03%
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	6.00	2/15/2017	25,241	0.03%
INTERNATIONAL AMERICAN DEVELOPMENT BANK	4.50	2/4/2016	24,112	0.03%
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	5.75	2/17/2015	23,964	0.03%
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	4.00	8/15/2014	23,948	0.03%
Other			110,662	0.13%
TOTAL SUPRANATIONAL – NON DOLLAR DENOMINATED			449,513	0.51%

Summary of Investments Owned – Pension Trust Funds (continued)

Summary of Investments Owned as of June 30, 2014

Pension Trust Funds – Page 4 of 7

Expressed in Thousands

Description	Market Value	% of Total Market Value
CORPORATE STOCK – DOMESTIC DOLLAR DENOMINATED		
APPLE INC	\$ 83,109	0.09%
EXXON MOBIL CORP	67,999	0.08%
BANK OF NEW YORK MELLON CORP	60,212	0.07%
WELLS FARGO & CO	60,038	0.07%
HCA HOLDINGS INC	59,823	0.07%
ORACLE CORP	59,809	0.07%
FIDELITY NATIONAL INFORMATION	59,069	0.07%
FISERV INC	55,306	0.06%
YUM BRANDS INC	55,143	0.06%
PHILIP MORRIS INTERNATIONAL	54,771	0.06%
Other	4,654,524	5.28%
TOTAL CORPORATE STOCK – DOMESTIC DOLLAR DENOMINATED	5,269,803	5.97%
CORPORATE STOCK – DOMESTIC NON DOLLAR DENOMINATED		
AUTOLIV INC SWED DEP RECEIPT	349	0.00%
TOTAL CORPORATE STOCK – DOMESTIC NON DOLLAR DENOMINATED	349	0.00%
CORPORATE STOCK – FOREIGN NON DOLLAR DENOMINATED		
NESTLE SA	96,266	0.11%
ROCHE HOLDINGS AG	80,724	0.09%
NOVARTIS AG	80,239	0.09%
HSBC HOLDINGS	74,270	0.08%
CONTINENTAL AG	65,435	0.07%
TOYOTA MOTOR CORP	63,785	0.07%
BP PLC	62,600	0.07%
ROYAL DUTCH SHELL PLC	62,063	0.07%
IMPERIAL TOBACCO GROUP PLC	60,165	0.07%
TOTAL SA	59,535	0.07%
Other	11,653,547	13.21%
TOTAL CORPORATE STOCK – FOREIGN NON DOLLAR DENOMINATED	12,358,629	14.01%
CORPORATE STOCK – FOREIGN DOLLAR DENOMINATED		
DELPHI AUTOMOTIVE PLC	59,832	0.07%
AON PLC	58,683	0.07%
ACCENTURE PLC CL A	54,060	0.06%
TE CONNECTIVITY LTD	53,182	0.06%
TENARIS SA ADR	43,506	0.05%
TAIWAN SEMICONDUCTOR SP ADR	39,971	0.05%
BANCO BRADESCO ADR	39,526	0.04%
TEVA PHARMACEUTICAL SP ADR	38,704	0.04%
SCHLUMBERGER LTD	37,051	0.04%
GAZPROM OAO SPON ADR	33,999	0.04%
Other	900,903	1.02%
TOTAL CORPORATE STOCK – FOREIGN DOLLAR DENOMINATED	1,359,417	1.54%

Summary of Investments Owned as of June 30, 2014
Pension Trust Funds – Page 5 of 7
Expressed in Thousands

Description	Market Value	% of Total Market Value
COMMINGLED INDEX FUNDS – DOMESTIC		
BTC US IMI FUND	\$ 9,478,958	10.75%
TOTAL COMMINGLED INDEX FUNDS – DOMESTIC	9,478,958	10.75%
COMMINGLED INDEX FUNDS – FOREIGN		
LAZARD FRERES CAPITAL MGMT	481,037	0.55%
GMO EMERGING MARKETS FUND	402,799	0.46%
JPMCB EMERG MKTS L CUR DB FD	355,740	0.40%
SPDR S&P 500 ETF TRUST	1,347	0.00%
TOTAL COMMINGLED INDEX FUNDS – FOREIGN	1,240,923	1.41%
CASH AND MONEY MARKET		
STATE STREET TR	1,504,211	1.71%
BLACKROCK LIQUIDITY FDS	200,783	0.23%
US DOLLAR	4,931	0.01%
TOTAL CASH AND MONEY MARKET	1,709,925	1.94%
PRIVATE EQUITY		
KKR 2006 FUND	1,202,492	1.36%
TPG PARTNERS VI LP	697,772	0.79%
WARBURG PINCUS X LP	696,358	0.79%
KKR EUROPEAN FUND III LP	643,467	0.73%
TPG PARTNERS V	596,742	0.68%
KKR MILLENIUM	505,171	0.57%
NORDIC CAPITAL FUND VII LP	427,434	0.48%
WARBURG PINCUS XI, LP	353,098	0.40%
BLACKSTONE CAPITAL V	347,301	0.39%
KKR ASIA FD LP	341,092	0.39%
Other	12,479,333	14.14%
TOTAL PRIVATE EQUITY	18,290,260	20.73%

Summary of Investments Owned – Pension Trust Funds (continued)

Summary of Investments Owned as of June 30, 2014

Pension Trust Funds – Page 6 of 7

Expressed in Thousands

Description	Market Value	% of Total Market Value
REAL ESTATE		
EVERGREEN REAL ESTATE PARTNERS	\$ 2,372,041	2.69%
PRINCIPAL ENTERPRISES CAP I	1,885,152	2.14%
CALZADA CAPITAL	1,142,699	1.30%
FILLMORE STRATEGIC INV LLC	976,598	1.11%
HOMETOWN AMERICA LLC	582,418	0.66%
UNION SQUARE LP	413,086	0.47%
MS RE SPECIAL SIT FD III	294,246	0.33%
EMERGING MARKET FUND OF FUNDS	290,371	0.33%
PACTRUST REALTY ASSOC LP	271,445	0.31%
LONE STAR FUND VI L.P.	212,307	0.24%
Other	1,463,785	1.65%
TOTAL REAL ESTATE	9,904,148	11.22%
TANGIBLE ASSETS		
WSIB ALINDA INFRASTRUCTURE	390,122	0.44%
HAWTHORNE TIMBER LLC	199,647	0.23%
INFRASTRUCTURE ALINDA CAP MANA	162,808	0.18%
GLOBAL INFRASTRUCTURE PRT II A	128,255	0.15%
INFRASTRUCTURE AIG HIGHSTAR	94,509	0.11%
ORION MINE FINANCE FUND I	78,588	0.09%
WSIB SHERIDAN PROD PARTNERS	76,497	0.09%
SHERIDAN PRODUCTION PTNRS I B	70,243	0.08%
FORTRESS WORLD WIDE INV LLP	55,871	0.06%
STONEPEAK ASSOCIATES LLC	41,558	0.05%
Other	65,351	0.07%
TOTAL TANGIBLE ASSETS	1,363,449	1.55%
FOREIGN CURRENCY		
EURO CURRENCY	23,011	0.03%
CANADIAN DOLLAR	13,094	0.01%
JAPANESE YEN	11,181	0.01%
AUSTRALIAN DOLLAR	9,026	0.01%
POUND STERLING	7,560	0.01%
EURO CURRENCY	5,932	0.01%
EURO CURRENCY	3,887	0.00%
JAPANESE YEN	3,625	0.00%
NORWEGIAN KRONE	3,041	0.00%
Other	21,005	0.02%
TOTAL FOREIGN CURRENCY	101,362	0.11%

Summary of Investments Owned as of June 30, 2014
Pension Trust Funds – Page 7 of 7
Expressed in Thousands

Description	Market Value	% of Total Market Value
IN PLAN 3 DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS:		
RETIREMENT STRATEGY FUNDS (TARGET DATE FUNDS)		
RETIREMENT STRATEGY 2020	\$ 813,335	0.92%
RETIREMENT STRATEGY 2025	694,415	0.79%
RETIREMENT STRATEGY 2015	629,819	0.71%
RETIREMENT STRATEGY 2030	458,826	0.52%
RETIREMENT STRATEGY 2035	306,771	0.35%
RETIREMENT STRATEGY 2010	201,676	0.23%
RETIREMENT STRATEGY 2040	158,701	0.18%
RETIREMENT STRATEGY 2045	74,239	0.08%
RETIREMENT STRATEGY 2005	64,130	0.07%
Other	98,002	0.11%
TOTAL RETIREMENT STRATEGY FUNDS (TARGET DATE FUNDS)	3,499,914	3.97%
EQUITY INDEX FUNDS		
US LARGE CAP EQUITY INDEX	1,095,585	1.24%
US SMALL CAP EQUITY INDEX	414,476	0.47%
GLOBAL EQUITY INDEX	244,830	0.28%
EMERGING MARKETS EQUITY INDEX	123,466	0.14%
TOTAL EQUITY INDEX FUNDS	1,878,357	2.13%
GUARANTEED INVESTMENT CONTRACTS		
SAVINGS POOL	941,650	1.07%
TOTAL GUARANTEED INVESTMENT CONTRACTS	941,650	1.07%
BOND FUNDS		
WASHINGTON STATE BOND FUND	642,273	0.73%
US SOCIALLY RESPONSIBLE FUND	228,016	0.26%
TOTAL BOND FUNDS	870,289	0.99%
MONEY MARKET FUNDS (IN DEFINED CONTRIBUTION PLANS)		
WASHINGTON STATE MONEY MARKET FUND	496,371	0.56%
WSIB SHORT TERM INVESTMENT FUND	375	0.00%
TOTAL MONEY MARKET FUNDS (IN DEFINED CONTRIBUTION PLANS)	496,746	0.56%
LIFE ANNUITY		
GE CAPITAL ASSURANCE	5	0.00%
TOTAL LIFE ANNUITY	5	0.00%
SECURITIES UNDER LENDING AGREEMENTS		
COLLATERAL HELD UNDER SECURITIES LENDING AGREEMENTS	1,091,552	1.24%
TOTAL SECURITIES UNDER LENDING AGREEMENTS	1,091,552	1.24%
TOTAL INVESTMENTS	\$ 88,208,531	100.00%

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Office of the State Actuary

"Securing tomorrow's pensions today."

October 3, 2014

Ms. Marcie Frost
Director
Department of Retirement Systems
PO Box 48380
Olympia, Washington 98504-8380

SUBJECT: ACTUARIAL CERTIFICATION LETTER

Dear Marcie:

At your request, we prepared the following information for inclusion in the *2014 Comprehensive Annual Financial Report (CAFR)*:

1. Introductory Section.
 - ❖ Financial Information – Funding Paragraph.
2. Financial Section.
 - ❖ Number of Participating Members.
 - ❖ Note 2C: Funding Policy.
 - ❖ Components for the Schedule of Changes in Net Pension Liability (NPL):
 - Service Cost; Interest; Changes of Benefit Terms; Differences between Expected and Actual Experience; Changes in Assumptions.
 - ❖ NPL component for the Schedule of NPL.
 - ❖ Actuarially Determined Contributions (ADC) component for the Schedule of Contributions.
 - ❖ Note 2B: Actuarial components of Governmental Accounting and Standards Board (GASB) 67 requirements.
 - ❖ GASB 67 Notes for Required Supplementary Information:
 - Methods and Assumptions.
3. Actuarial Section.
 - ❖ Funded Status and Funding Progress (one year).
 - ❖ Schedules of Funding Progress.



- ❖ Additional Information for the Defined Benefit Plans.
- ❖ Schedule of Contributions from Employers and Others.
- ❖ Schedules of Active Member Valuation Data.
- ❖ Schedules of Retirees and Beneficiaries Added to and Removed from Rolls.
- ❖ Summary of Actuarial Assumptions and Methods.
- ❖ Solvency Tests.
- ❖ Analyses of Selected Experience.

4. Statistical Section.

- ❖ Distribution of Membership.
- ❖ Schedule of Benefit Recipients by Type of Benefit.
- ❖ Schedule of Average Benefit Payments to Service Retirees in Year of Retirement.

The primary purpose of this information is to satisfy the actuarial reporting requirements of GASB and the Government Finance Officers Association (GFOA). Readers should not use this information for other purposes. Please replace this information with more recent information from next year's CAFR when available.

We also prepare annual actuarial valuations for determining contribution requirements and funding progress (a "funding" valuation) consistent with the state's funding policy. The funding valuations serve a different purpose from accounting valuations or measurements, and the results of the funding valuations may not match these accounting disclosures.

We performed the most recent actuarial valuation in 2014 with a valuation date of June 30, 2013. The Total Pension Liability (TPL) was calculated as of the valuation date and projected to the measurement date of June 30, 2014. Plan liabilities were rolled forward from June 30, 2013, to June 30, 2014, reflecting each plan's normal cost (using the Entry Age cost method), assumed interest, and actual benefit payments.

GASB 67 requires an "asset sufficiency test" to determine whether (or how long) we can use the long-term expected rate of return on assets to measure the present value of plan liabilities for accounting purposes. For this test, we made the following assumptions to determine projected employee and employer contributions:

- ❖ A 7.7 percent long-term discount rate to determine funding liabilities consistent with current law for calculating future contribution rate requirements (for all plans except the Law Enforcement Officers' and Fire Fighters' Plan 2, Judicial Retirement System (JRS), and Judges).



- ❖ We reflected actual asset returns through June 30, 2014, and assumed a 7.5 percent rate of investment return on invested assets thereafter consistent with the long-term expected rate of return (for all plans except JRS and Judges).
- ❖ With the exception of determining future Plan 1 Unfunded Actuarial Accrued Liability (UAAL) contributions from employers of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), School Employees' Retirement System (SERS), and Public Safety Employees' Retirement System (PSERS), we assumed no new entrants for purposes of the asset sufficiency test.
- ❖ Consistent with current law, employers of PERS, TRS, SERS, and PSERS would continue to pay the minimum Plan 1 UAAL contribution rate until the applicable Plan 1 is fully funded.
- ❖ The Legislature would continue the current contribution rate phase-in for the new mortality assumptions until completed at the end of six years.

For the asset sufficiency test, we also reviewed the resulting contribution projections for reasonability and found them to be reasonable for purposes of performing this test.

Otherwise, we used the same data, assumptions, and methods for the asset sufficiency test as we disclosed in our [2013 Actuarial Valuation Report](#).

As of this measurement, all plans—with the exception of JRS and Judges (“pay-as-you-go” plans)—are expected to retain sufficient assets to pay all future benefits for current members using current assumptions, current plan provisions, and assuming the continuation of current state funding policy in Chapter 41.45 RCW (the actuarial funding chapter).

We relied on participant data provided by your department to perform the latest actuarial valuation. The Washington State Investment Board, your department, and the Office of the State Treasurer provided financial and asset information. We reviewed the data and the assets for reasonableness as appropriate based on the purpose of the valuation. I relied on all the information provided as complete and accurate. In my opinion, this information is adequate and substantially complete for purposes of this valuation. Please see the **Actuarial Certification Letter** in the [2013 Actuarial Valuation Report](#) for additional information on the certification of the latest actuarial valuation results.

We prepared the required accounting disclosures in accordance with GASB Statement 67. At your request, we also prepared accounting disclosures under the prior GASB Statements 25, 27, and 50. We prepared all items in accordance with generally accepted actuarial principles and actuarial standards of practice as of the date of this letter.



Ms. Marcie Frost
Page 4 of 4

I certify, to the best of my knowledge, that the actuarial submissions in the 2014 CAFR meet the GFOA standards for actuarial reporting.

The undersigned, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. I am available to provide extra advice and explanations as needed.

Sincerely,

Matthew M. Smith, FCA, EA, MAAA
State Actuary

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Summary of Plan Provisions – Page 1 of 2

A narrative summary of retirement plans managed by DRS is provided in Section B of Note 2 in the Financial Section of this CAFR. A tabular summary of key plan provisions as of June 30, 2014 is provided below.

Tabular Summary of Key Plan Provisions – As of June 30, 2014				
Plan	Membership Eligibility	Vesting	Retirement Eligibility	Benefit
PERS Plan 1	State employees, elected officials, employees of local governments, legislative committees, community/technical colleges, classified employees of school districts, district/municipal court judges, and some employees of the Supreme, Appeals and Superior Courts (By 9/30/77)	After five years of eligible service	After 30 years of service, or at age 60 with five years of service, or at age 55 with 25 years of service	2% of Average Final Compensation (AFC) per year of service, capped at 60% of AFC JBM Participants: 3.5% of AFC per year of service, capped at 75% of AFC
PERS Plan 2	Same as PERS Plan 1, except classified school district employees (On or after 10/1/77 and new employees on or after 3/1/02 at state agencies and higher education, or on or after 9/1/02 at all other employers; who chose Plan 2)	After five years of eligible service	At age 65 with five years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of AFC per year of service JBM Participants: 3.5% of AFC per year of service, capped at 75% of AFC
PERS Plan 3	Same as PERS Plan 2 (On or after 10/1/77 and new employees on or after 3/1/02 at state agencies and higher education, or on or after 9/1/02 at all other employers; who chose Plan 3)	Varies	At age 65 if vested, or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion) JBM Participants: 1.6% of AFC per year of service, capped at 37.5% of AFC The defined contribution portion depends on the member's contribution level and on investment performance
SERS Plan 2	All classified employees of school districts or educational service districts (By 8/31/00 and employees on or after 7/1/07 with no past PERS Plan 2 service who chose Plan 2)	After five years of eligible service	After age 65 with five years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of AFC per year of service
SERS Plan 3	All classified employees of school districts or educational service districts (On or after 9/1/00 and employees on or after 7/1/07 with no past PERS Plan 2 service who chose Plan 3)	Varies	At age 65 if vested, or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion) The defined contribution portion depends on the member's contribution level and on investment performance
PSERS Plan 2	All full-time public safety officers at select state agencies, counties and cities except Seattle, Spokane and Tacoma (On or after 7/1/06)	After five years of eligible service	At age 65 with five years of service, or at age 60 with 10 years of PSERS service, or at age 53 with 20 years of service reduced three percent for each year under age 60	2% of AFC per year of service
TRS Plan 1	All certificated public school employees who work in an instructional, administrative or supervisory capacity (By 9/30/77)	After five years of eligible service	Any age with 30 years of service, or at age 60 with five years of service, or at age 55 with 25 years of service	2% of AFC per year of service, capped at 60% of AFC JBM Participants: 3.5% of AFC per year of service, capped at 75% of AFC

Summary of Plan Provisions – Page 2 of 2

Plan	Membership Eligibility	Vesting	Retirement Eligibility	Benefit
TRS Plan 2	Same as TRS Plan 1 (On or after 10/1/77 and by 6/30/96, and employees on or after 7/1/07 who chose Plan 2)	After five years of eligible service	At age 65 with five years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of AFC per year of service
TRS Plan 3	Same as TRS Plan 1 (On or after 7/1/96, and employees on or after 7/1/07 who chose Plan 3)	Varies	At age 65 if vested, or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion) The defined contribution portion depends on the member's contribution level and on investment performance
LEOFF Plan 1	All full-time, fully compensated law enforcement officers and fire fighters (By 9/30/77)	After five years of eligible service	At age 50 with five years of service	20+ years of service: 2% of final average salary (FAS) per year of service 10-19 years of service: 1.5% of FAS per year of service 5-9 years of service: 1% of FAS per year of service
LEOFF Plan 2	All full-time, fully compensated law enforcement officers, fire fighters and emergency medical technicians (On or after 10/1/77)	After five years of eligible service	At age 53 with five years of service, or a benefit at age 50 with 20 years of service reduced 3% for each year under age 53	2% of FAS per year of service
WSPRS Plan 1	Commissioned employees of the Washington State Patrol (On or after 8/1/47 and by 12/31/02)	No requirement for active members; after five years of eligible service for inactive members	At age 55 or after 25 years of service	2% of average final salary (AFS) per year of service, capped at 75% of AFS
WSPRS Plan 2	Same as WSPRS Plan 1 (On or after 1/1/03)	No requirement for active members; after five years of eligible service for inactive members	At age 55 or after 25 years of service	2% of AFS per year of service, capped at 75% of AFS
JRS	Judges elected or appointed to the Supreme Court, the Court of Appeals and Superior Courts (On or after 8/9/71 and by 6/30/88 – New judges on or after 7/1/88 join PERS)	After 15 years of service	At age 60	15 years of service: 3.5% of FAS per year of service, capped at 75% of FAS 10-14 years of service: 3% of FAS per year of service, capped at 75% of FAS
Judges	Judges elected or appointed to the Supreme Court, the Court of Appeals and Superior Courts (By 8/8/71)	After 12 years of service	At age 70 with 10 years of service or any age with 18 years of service	1/2 of the monthly salary

DRS publishes handbooks describing the rights and benefits for each system and plan, including disability and survivor benefits. These handbooks are provided to members by their employers. They are also available from DRS and are on the DRS website at drs.wa.gov.

Summary of Actuarial Assumptions and Methods

1. Actuarial Assumptions and Methods Selection

Economic Assumptions and Methods

Developed in accordance with Washington State law and the Pension Funding Council.

Demographic Assumptions and Methods

Derived by the Washington State Office of the State Actuary and based on the 2007-2012 Experience Studies (adopted July, 2014). Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

2. Investment Return

7.8 percent per annum for all systems except LEOFF 2 (7.5 percent), and JRS/Judges (4.0 percent).

3. Mortality Tables – Page 1 of 2

Mortality rates are based on the *RP-2000 Combined Healthy Table* and *Combined Disabled Table* (except LEOFF 1) published by the Society of Actuaries. JRS utilizes the PERS mortality rates.

The Healthy and Disabled Mortality Rates displayed by system have been projected to the valuation date for illustrative purposes only. We use the RP-2000 Mortality Rates combined with 100 percent of Scale BB on a generational basis in the valuation. Probabilities of mortality are illustrated in the following tables.

Age	RP-2000 Mortality Rates				100% Scale BB	
	Combined Healthy		Disabled			
	Male	Female	Male	Female	Male	Female
20	0.0345%	0.0191%	2.2571%	0.7450%	0.3000%	0.3000%
25	0.0376%	0.0207%	2.2571%	0.7450%	0.3000%	0.3000%
30	0.0444%	0.0264%	2.2571%	0.7450%	0.3000%	0.3000%
35	0.0773%	0.0475%	2.2571%	0.7450%	0.3000%	0.3000%
40	0.1079%	0.0706%	2.2571%	0.7450%	0.3000%	0.3000%
45	0.1508%	0.1124%	2.2571%	0.7450%	0.3000%	0.3000%
50	0.2138%	0.1676%	2.8975%	1.1535%	0.3000%	0.3000%
55	0.3624%	0.2717%	3.5442%	1.6544%	0.3000%	0.5000%
60	0.6747%	0.5055%	4.2042%	2.1839%	0.7000%	1.0000%
65	1.2737%	0.9706%	5.0174%	2.8026%	1.2000%	1.2000%
70	2.2206%	1.6742%	6.2583%	3.7635%	1.5000%	1.2000%
75	3.7834%	2.8106%	8.2067%	5.2230%	1.5000%	1.2000%
80	6.4368%	4.5879%	10.9372%	7.2312%	1.5000%	1.2000%
85	11.0757%	7.7446%	14.1603%	10.0203%	1.5000%	1.2000%
90	18.3408%	13.1682%	18.3408%	14.0049%	1.1000%	1.1000%
95	26.7491%	19.4509%	26.7491%	19.4509%	0.6000%	0.6000%
100	34.4556%	23.7467%	34.4556%	23.7467%	0.3000%	0.3000%
105	39.7886%	29.3116%	39.7886%	29.3116%	0.0000%	0.0000%
110	40.0000%	36.4617%	40.0000%	36.4617%	0.0000%	0.0000%
115	40.0000%	40.0000%	40.0000%	40.0000%	0.0000%	0.0000%
120	100.0000%	100.0000%	100.0000%	100.0000%	0.0000%	0.0000%

3. Mortality Tables – Page 2 of 2

Healthy Mortality Projected to 2013						
Offsets Age	PERS, SERS, PSERS		TRS		LEOFF, WSPRS	
	-1 Male	-1 Female	-3 Male	-2 Female	-1 Male	1 Female
20	0.0318%	0.0183%	0.0289%	0.0181%	0.0318%	0.0185%
25	0.0362%	0.0193%	0.0352%	0.0189%	0.0362%	0.0206%
30	0.0396%	0.0239%	0.0367%	0.0226%	0.0396%	0.0295%
35	0.0675%	0.0418%	0.0540%	0.0379%	0.0675%	0.0494%
40	0.0982%	0.0623%	0.0869%	0.0575%	0.0982%	0.0744%
45	0.1343%	0.0990%	0.1168%	0.0901%	0.1343%	0.1176%
50	0.1919%	0.1491%	0.1668%	0.1379%	0.1919%	0.1781%
55	0.3074%	0.2271%	0.2565%	0.2068%	0.3074%	0.2895%
60	0.5426%	0.3897%	0.4283%	0.3443%	0.5426%	0.5102%
65	0.9642%	0.7367%	0.7485%	0.6537%	0.9642%	0.9363%
70	1.6270%	1.2702%	1.3208%	1.1492%	1.6270%	1.5880%
75	2.7853%	2.1760%	2.2415%	1.9634%	2.7853%	2.6468%
80	4.7594%	3.5477%	3.8539%	3.2134%	4.7594%	4.3404%
85	8.1980%	5.9420%	6.6129%	5.3427%	8.1980%	7.3830%
90	14.4131%	10.3195%	11.7822%	9.2932%	14.4131%	12.5237%
95	23.1828%	16.9043%	20.0305%	15.7607%	23.1828%	18.9924%
100	31.7558%	22.2524%	28.8366%	21.5369%	31.7558%	23.5455%
105	39.2003%	27.9055%	37.1685%	26.6044%	39.2003%	30.7811%
110	40.0000%	35.1544%	40.0000%	33.7441%	40.0000%	37.6246%
115	40.0000%	39.8308%	40.0000%	39.3507%	40.0000%	40.0000%
120	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%

Disabled Mortality Projected to 2013				
Offsets Age	All Plans Except LEOFF Plan 1		LEOFF Plan 1*	
	0 Male	0 Female	2 Male	2 Female
20	2.1706%	0.7165%	0.0352%	0.0187%
25	2.1706%	0.7165%	0.0367%	0.0214%
30	2.1706%	0.7165%	0.0540%	0.0337%
35	2.1706%	0.7165%	0.0869%	0.0533%
40	2.1706%	0.7165%	0.1168%	0.0819%
45	2.1706%	0.7165%	0.1668%	0.1275%
50	2.7865%	1.1093%	0.2565%	0.1941%
55	3.4084%	1.5500%	0.4513%	0.3259%
60	3.8373%	1.9164%	0.7993%	0.5842%
65	4.2886%	2.3955%	1.3740%	1.0396%
70	5.1419%	3.2169%	2.2415%	1.7663%
75	6.7428%	4.4644%	3.8539%	2.9151%
80	8.9862%	6.1809%	6.6129%	4.8117%
85	11.6344%	8.5649%	11.1776%	8.2344%
90	15.8844%	12.1292%	18.7595%	13.6508%
95	24.7362%	17.9872%	27.7287%	19.9043%
100	33.1358%	22.8371%	35.7447%	24.4749%
105	39.7886%	29.3116%	40.0000%	32.2725%
110	40.0000%	36.4617%	40.0000%	38.6015%
115	40.0000%	40.0000%	40.0000%	40.0000%
120	100.0000%	100.0000%	100.0000%	100.0000%

*LEOFF 1 uses RP-2000 Healthy mortality table.

Summary of Actuarial Assumptions and Methods (continued)

4. Retirement – Page 1 of 3

Probability of Service Retirement – Members Hired Before May 1, 2013												
Age	PERS Plan 1		PERS Plan 2/3				SERS Plan 2/3				PSERS Plan 2	
	Male	Female	Service less than 30 years		Service greater than or equal to 30 years		Service less than 30 years		Service greater than or equal to 30 years		Male	Female
			Male	Female	Male	Female	Male	Female	Male	Female		
45	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
46	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
47	46%	54%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
48	55%	46%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
49	50%	38%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
50	45%	30%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
51	40%	30%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
52	40%	30%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
53	40%	30%	0%	0%	0%	0%	0%	0%	0%	0%	2%	2%
54	40%	40%	0%	0%	0%	0%	0%	0%	0%	0%	2%	2%
55	17%	28%	2%	2%	12%	12%	1%	2%	12%	12%	2%	2%
56	17%	16%	3%	2%	12%	12%	2%	2%	12%	12%	5%	4%
57	17%	16%	4%	2%	12%	12%	3%	2%	12%	12%	8%	6%
58	17%	16%	5%	2%	12%	12%	4%	3%	12%	12%	11%	8%
59	20%	30%	6%	4%	16%	24%	5%	4%	16%	25%	14%	10%
60	16%	16%	7%	6%	12%	12%	6%	5%	12%	12%	30%	34%
61	23%	21%	8%	13%	20%	20%	15%	13%	21%	20%	26%	26%
62	30%	26%	24%	20%	28%	28%	24%	21%	30%	28%	30%	34%
63	22%	20%	22%	18%	26%	26%	22%	20%	28%	26%	50%	52%
64	28%	28%	56%	56%	56%	56%	56%	52%	57%	48%	70%	70%
65	34%	36%	40%	40%	40%	40%	39%	36%	39%	36%	50%	35%
66	30%	22%	24%	24%	24%	24%	22%	24%	22%	24%	30%	35%
67	26%	22%	24%	24%	24%	24%	22%	23%	22%	23%	30%	35%
68	22%	22%	24%	24%	24%	24%	22%	22%	22%	22%	30%	35%
69	22%	22%	24%	24%	24%	24%	22%	21%	22%	21%	30%	35%
70	22%	22%	24%	24%	24%	24%	22%	20%	22%	20%	100%	100%
71	22%	22%	24%	24%	24%	24%	20%	19%	20%	19%	100%	100%
72	22%	22%	24%	24%	24%	24%	18%	18%	18%	18%	100%	100%
73	22%	22%	24%	24%	24%	24%	16%	17%	16%	17%	100%	100%
74	22%	22%	24%	24%	24%	24%	16%	17%	16%	17%	100%	100%
75	22%	22%	24%	24%	24%	24%	16%	17%	16%	17%	100%	100%
76	22%	22%	24%	24%	24%	24%	16%	17%	16%	17%	100%	100%
77	22%	22%	24%	24%	24%	24%	16%	17%	16%	17%	100%	100%
78	22%	22%	24%	24%	24%	24%	16%	17%	16%	17%	100%	100%
79	22%	22%	24%	24%	24%	24%	16%	17%	16%	17%	100%	100%
80	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

4. Retirement – Page 2 of 3

Probability of Service Retirement – Members Hired Before May 1, 2013															
Age	TRS Plan 1				TRS Plan 2/3						LEOFF		WSPRS		
	Service not equal to 30 years		Service equal to 30 years		Service less than 30 years		Service equal to 30 years		Service greater than 30 years		Service less than 30 years	Service greater than 30 years	Male & Female	Male & Female	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male & Female	Male & Female			
45	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	50%
46	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	33%
47	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	33%
48	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	33%
49	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	30%
50	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	12%	3%	27%
51	0%	0%	0%	30%	0%	0%	0%	0%	0%	0%	0%	7%	12%	4%	24%
52	0%	20%	36%	30%	0%	0%	0%	0%	0%	0%	0%	7%	12%	5%	24%
53	22%	20%	36%	30%	0%	0%	0%	0%	0%	0%	0%	7%	12%	10%	24%
54	22%	20%	36%	30%	0%	0%	0%	0%	0%	0%	0%	10%	16%	10%	24%
55	22%	20%	36%	30%	2%	2%	22%	19%	13%	12%	10%	20%	10%	20%	
56	22%	20%	36%	30%	2%	3%	22%	21%	15%	14%	10%	20%	10%	20%	
57	22%	20%	36%	30%	2%	4%	22%	23%	17%	16%	13%	20%	10%	20%	
58	22%	20%	39%	30%	2%	5%	28%	25%	19%	18%	13%	20%	15%	20%	
59	22%	26%	42%	30%	4%	6%	34%	27%	21%	22%	13%	20%	15%	33%	
60	22%	20%	42%	30%	6%	7%	41%	29%	23%	20%	23%	25%	15%	33%	
61	22%	23%	42%	40%	14%	15%	48%	41%	25%	22%	23%	25%	19%	33%	
62	35%	26%	56%	50%	22%	23%	55%	53%	36%	32%	23%	25%	23%	33%	
63	30%	22%	48%	46%	20%	21%	50%	49%	33%	30%	23%	25%	20%	33%	
64	25%	29%	40%	46%	55%	48%	55%	53%	55%	49%	23%	25%	20%	33%	
65	36%	36%	70%	55%	48%	40%	48%	40%	48%	40%	23%	25%	25%	100%	
66	36%	36%	70%	55%	41%	32%	41%	32%	41%	32%	23%	25%	25%	100%	
67	32%	28%	70%	55%	34%	24%	34%	24%	34%	24%	23%	25%	25%	100%	
68	28%	28%	70%	55%	27%	24%	27%	24%	27%	24%	23%	25%	25%	100%	
69	28%	28%	70%	55%	27%	42%	27%	42%	27%	42%	23%	25%	25%	100%	
70	22%	28%	100%	55%	27%	30%	27%	30%	27%	30%	100%	100%	100%	100%	
71	22%	28%	100%	55%	41%	30%	41%	30%	41%	30%	100%	100%	100%	100%	
72	22%	21%	100%	100%	55%	30%	55%	30%	55%	30%	100%	100%	100%	100%	
73	22%	21%	100%	100%	55%	30%	55%	30%	55%	30%	100%	100%	100%	100%	
74	22%	21%	100%	100%	55%	30%	55%	30%	55%	30%	100%	100%	100%	100%	
75	22%	21%	100%	100%	55%	30%	55%	30%	55%	30%	100%	100%	100%	100%	
76	22%	21%	100%	100%	55%	30%	55%	30%	55%	30%	100%	100%	100%	100%	
77	22%	21%	100%	100%	55%	30%	55%	30%	55%	30%	100%	100%	100%	100%	
78	22%	21%	100%	100%	55%	30%	55%	30%	55%	30%	100%	100%	100%	100%	
79	22%	21%	100%	100%	55%	30%	55%	30%	55%	30%	100%	100%	100%	100%	
80	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

Summary of Actuarial Assumptions and Methods (continued)

4. Retirement – Page 3 of 3

Probability of Service Retirement – Members Hired on or After May 1, 2013														
Age	PERS Plan 2/3				SERS Plan 2/3				TRS Plan 2/3					
	Service less than 30 years		Service greater than or equal to 30 years		Service less than 30 years		Service greater than or equal to 30 years		Service less than 30 years		Service equal to 30 years		Service greater than 30 years	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
45	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
46	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
47	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
48	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
49	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
50	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
51	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
52	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
53	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
54	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
55	2%	2%	9%	9%	1%	2%	8%	9%	2%	2%	16%	14%	9%	9%
56	3%	2%	9%	8%	2%	2%	8%	8%	2%	3%	15%	15%	10%	10%
57	4%	2%	9%	8%	3%	2%	9%	8%	2%	4%	14%	16%	11%	11%
58	5%	2%	9%	8%	4%	3%	9%	8%	2%	5%	17%	17%	12%	13%
59	6%	4%	12%	15%	5%	4%	11%	16%	4%	6%	21%	18%	14%	15%
60	7%	6%	10%	9%	6%	5%	9%	9%	6%	7%	25%	19%	15%	14%
61	8%	13%	15%	17%	15%	13%	18%	17%	14%	15%	33%	29%	20%	19%
62	24%	20%	26%	24%	24%	21%	27%	25%	22%	23%	40%	39%	30%	28%
63	22%	18%	24%	22%	22%	20%	25%	23%	20%	21%	35%	35%	27%	26%
64	56%	56%	56%	56%	56%	52%	56%	50%	55%	48%	55%	50%	55%	48%
65	40%	40%	40%	40%	39%	36%	39%	36%	48%	40%	48%	40%	48%	40%
66	24%	24%	24%	24%	22%	24%	22%	24%	41%	32%	41%	32%	41%	32%
67	24%	24%	24%	24%	22%	23%	22%	23%	34%	24%	34%	24%	34%	24%
68	24%	24%	24%	24%	22%	22%	22%	22%	27%	24%	27%	24%	27%	24%
69	24%	24%	24%	24%	22%	21%	22%	21%	27%	42%	27%	42%	27%	42%
70	24%	24%	24%	24%	22%	20%	22%	20%	27%	30%	27%	30%	27%	30%
71	24%	24%	24%	24%	20%	19%	20%	19%	41%	30%	41%	30%	41%	30%
72	24%	24%	24%	24%	18%	18%	18%	18%	55%	30%	55%	30%	55%	30%
73	24%	24%	24%	24%	16%	17%	16%	17%	55%	30%	55%	30%	55%	30%
74	24%	24%	24%	24%	16%	17%	16%	17%	55%	30%	55%	30%	55%	30%
75	24%	24%	24%	24%	16%	17%	16%	17%	55%	30%	55%	30%	55%	30%
76	24%	24%	24%	24%	16%	17%	16%	17%	55%	30%	55%	30%	55%	30%
77	24%	24%	24%	24%	16%	17%	16%	17%	55%	30%	55%	30%	55%	30%
78	24%	24%	24%	24%	16%	17%	16%	17%	55%	30%	55%	30%	55%	30%
79	24%	24%	24%	24%	16%	17%	16%	17%	55%	30%	55%	30%	55%	30%
80	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

5. Disablement

Probability of Disablement – Table 1 of 2										
Age	PERS Plan 1*		PERS Plan 2/3		SERS Plan 2/3		PSERS Service less than 10 years		PSERS Service greater than 10 years	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
20	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
25	0.0000%	0.0000%	0.0052%	0.0000%	0.0000%	0.0000%	0.0052%	0.0000%	0.0052%	0.0000%
30	0.0000%	0.0000%	0.0115%	0.0056%	0.0000%	0.0048%	0.0115%	0.0056%	0.0115%	0.0056%
35	0.0310%	0.0319%	0.0156%	0.0194%	0.0081%	0.0176%	0.0156%	0.0194%	0.0158%	0.0197%
40	0.0762%	0.0710%	0.0235%	0.0275%	0.0258%	0.0164%	0.0235%	0.0275%	0.0298%	0.0348%
45	0.1481%	0.1431%	0.0476%	0.0467%	0.0528%	0.0214%	0.0476%	0.0467%	0.0607%	0.0596%
50	0.2542%	0.3023%	0.0922%	0.1003%	0.1213%	0.0611%	0.0922%	0.1003%	0.1182%	0.1285%
55	0.8240%	0.6411%	0.2630%	0.2782%	0.2787%	0.1742%	0.2630%	0.2782%	0.3409%	0.3606%
60	0.7541%	0.3458%	0.7863%	0.7681%	0.6404%	0.4971%	0.7863%	0.7681%	0.0000%	0.0000%
65	0.2204%	0.0386%	0.6146%	0.5257%	0.5928%	0.4121%	0.6146%	0.5257%	0.0000%	0.0000%
70	0.0644%	0.0043%	0.1358%	0.1315%	0.1271%	0.1816%	0.0000%	0.0000%	0.0000%	0.0000%
75	0.0188%	0.0005%	0.0300%	0.0329%	0.0272%	0.0800%	0.0000%	0.0000%	0.0000%	0.0000%
80	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

*10% of all PERS Plan 1 disabilities are assumed to be duty related.

Probability of Disablement – Table 2 of 2							
Age	TRS Plan 1		TRS Plan 2/3		LEOFF Plan 1 Plan 2		WSPRS Plan 1/2
	Male	Female	Male	Female	Male & Female	Male & Female	Male & Female
20	0.0013%	0.0014%	0.0003%	0.0003%	0.1000%	0.0074%	0.0052%
25	0.0091%	0.0092%	0.0024%	0.0019%	0.1000%	0.0191%	0.0094%
30	0.0187%	0.0190%	0.0048%	0.0040%	0.7968%	0.0467%	0.0169%
35	0.0321%	0.0326%	0.0083%	0.0068%	1.4888%	0.0807%	0.0306%
40	0.0428%	0.0434%	0.0111%	0.0091%	2.3471%	0.1360%	0.0551%
45	0.0944%	0.0957%	0.0244%	0.0201%	4.0000%	0.1796%	0.0995%
50	0.1634%	0.1656%	0.0422%	0.0347%	7.0000%	0.3236%	0.1794%
55	0.3347%	0.3393%	0.1118%	0.0750%	9.0000%	0.5534%	0.3237%
60	0.4686%	0.4750%	0.2500%	0.1875%	10.0000%	0.9462%	0.0560%
65	0.5633%	0.5681%	0.2362%	0.1552%	10.0000%	1.6180%	0.0000%
70	0.1485%	0.1486%	0.0334%	0.0283%	0.0000%	0.0000%	0.0000%
75	0.0391%	0.0389%	0.0047%	0.0052%	0.0000%	0.0000%	0.0000%
80	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

Rates have been rounded for display purposes.

Summary of Actuarial Assumptions and Methods (continued)

6. Other Terminations of Employment

Probability of Termination										
Years of Service	PERS		SERS		PSERS		TRS		LEOFF	WSPRS
	Male	Female	Male	Female	Male	Female	Male	Female	Male & Female	Male & Female
0	26.2397%	26.2397%	24.4766%	19.9030%	26.2397%	26.2397%	11.1014%	11.1340%	10.7033%	4.2261%
1	15.4534%	16.7747%	15.8775%	13.1281%	15.4534%	16.7747%	9.0312%	9.4565%	4.8058%	2.0000%
2	10.0683%	11.7007%	11.6915%	10.2908%	10.0683%	11.7007%	5.9789%	7.1731%	2.4484%	2.0000%
3	7.5236%	9.2904%	9.9510%	7.8600%	7.5236%	9.2904%	4.5105%	6.1285%	1.9350%	2.0000%
4	6.3052%	7.6024%	8.1055%	6.7558%	6.3052%	7.6024%	4.1402%	5.3084%	1.8700%	2.0000%
5	5.4443%	6.6544%	6.6418%	6.2423%	5.4443%	6.6544%	3.6847%	4.7057%	1.8050%	2.0000%
6	4.4874%	5.7856%	6.0762%	5.5595%	4.4874%	5.7856%	2.9510%	4.0862%	1.7400%	1.9000%
7	4.1778%	5.3301%	5.5588%	5.2581%	4.1778%	5.3301%	2.7214%	3.6698%	1.6750%	1.7000%
8	3.8895%	4.9105%	5.0854%	4.9707%	3.8895%	4.9105%	2.5097%	3.2957%	1.6100%	1.6000%
9	3.6211%	4.5239%	4.6524%	4.7491%	3.6211%	4.5239%	2.3144%	2.9598%	1.5450%	1.5113%
10	3.3712%	4.1677%	4.2562%	4.5725%	3.3712%	4.1677%	2.1343%	2.6581%	1.4800%	1.3426%
11	3.1386%	3.8396%	3.8938%	4.4832%	3.1386%	3.8396%	1.9683%	2.3872%	1.4150%	1.2000%
12	2.9220%	3.5373%	3.5622%	4.4156%	2.9220%	3.5373%	1.8151%	2.1439%	1.3500%	1.0765%
13	2.7204%	3.2588%	3.2589%	4.4032%	2.7204%	3.2588%	1.6739%	1.9254%	1.2850%	0.9676%
14	2.5327%	3.0023%	2.9814%	4.2560%	2.5327%	3.0023%	1.5437%	1.7291%	1.2200%	0.8701%
15	2.3579%	2.7659%	2.7275%	4.2740%	2.3579%	2.7659%	1.4235%	1.6000%	1.1550%	0.7819%
16	2.1952%	2.5482%	2.4952%	3.9160%	2.1952%	2.5482%	1.3128%	1.5500%	1.0900%	0.7015%
17	2.0437%	2.3475%	2.4500%	3.6424%	2.0437%	2.3475%	1.2106%	1.5000%	1.0250%	0.6274%
18	1.9027%	2.1627%	2.4000%	3.4565%	1.9027%	2.1627%	1.1500%	1.4500%	0.9600%	0.5589%
19	1.7714%	1.9925%	2.3500%	3.2224%	1.7714%	1.9925%	1.1250%	1.4000%	0.8950%	0.4951%
20	1.5311%	1.8001%	2.3000%	3.0000%	1.5311%	1.8001%	1.0000%	1.3000%	0.8300%	0.4354%
21	1.3244%	1.5807%	2.2500%	2.8000%	1.3244%	1.5807%	0.9500%	1.2607%	0.7650%	0.3793%
22	1.1457%	1.3880%	2.2000%	2.7000%	1.1457%	1.3880%	0.9250%	1.1837%	0.7000%	0.3264%
23	0.9910%	1.2188%	2.0870%	2.6000%	0.9910%	1.2188%	0.9000%	1.1115%	0.6350%	0.2764%
24	0.8573%	1.0702%	1.8198%	2.4750%	0.8573%	1.0702%	0.8809%	1.0436%	0.5700%	0.2289%
25	0.7415%	0.9397%	1.5868%	2.2530%	0.7415%	0.9397%	0.8213%	0.9799%	0.5050%	0.0000%
26	0.6415%	0.8252%	1.3836%	2.0508%	0.6415%	0.8252%	0.7658%	0.9201%	0.4400%	0.0000%
27	0.5549%	0.7246%	1.2065%	1.8668%	0.5549%	0.7246%	0.7140%	0.8639%	0.3750%	0.0000%
28	0.4800%	0.6363%	1.0520%	1.6993%	0.4800%	0.6363%	0.6657%	0.8111%	0.3100%	0.0000%
29	0.4152%	0.5587%	0.9173%	1.5469%	0.4152%	0.5587%	0.6207%	0.7616%	0.2450%	0.0000%
30+	0.3591%	0.4906%	0.7999%	1.4081%	0.3591%	0.4906%	0.5788%	0.7151%	0.1800%	0.0000%

Rates have been rounded for display purposes.

7. Future Salaries – Page 1 of 2

The following tables indicate the scale of relative salary values used to estimate future salaries for valuation purposes. In addition to increases in salary due to promotions and longevity, there is an assumed 3.75 percent per annum rate of increase in the general salary level of the membership. The salary ratio describes the final salary over the current salary.

Step Salary Increases												
Years of Service	PERS		SERS		PSERS		TRS		LEOFF		WSPRS	
	% Increase	Salary Ratio	% Increase	Salary Ratio	% Increase	Salary Ratio	% Increase	Salary Ratio	% Increase	Salary Ratio	% Increase	Salary Ratio
0	6.00%	1.367	6.60%	1.382	6.00%	1.367	5.10%	1.573	10.70%	1.827	8.50%	1.642
1	6.00%	1.290	6.60%	1.297	6.00%	1.290	5.10%	1.496	10.70%	1.650	8.50%	1.513
2	4.70%	1.217	3.90%	1.217	4.70%	1.217	3.90%	1.424	7.50%	1.491	6.00%	1.395
3	3.60%	1.162	2.80%	1.171	3.60%	1.162	3.90%	1.370	5.90%	1.387	5.00%	1.316
4	2.90%	1.122	2.30%	1.139	2.90%	1.122	3.50%	1.319	3.70%	1.310	5.00%	1.253
5	2.20%	1.090	2.10%	1.113	2.20%	1.090	3.00%	1.274	2.60%	1.263	5.00%	1.194
6	1.50%	1.067	1.60%	1.090	1.50%	1.067	2.70%	1.237	1.80%	1.231	3.50%	1.137
7	1.20%	1.051	1.20%	1.073	1.20%	1.051	2.70%	1.205	1.40%	1.209	0.60%	1.098
8	0.90%	1.039	1.20%	1.061	0.90%	1.039	2.60%	1.173	1.30%	1.192	0.60%	1.092
9	0.70%	1.029	0.90%	1.048	0.70%	1.029	2.40%	1.143	1.20%	1.177	0.60%	1.085
10	0.50%	1.022	0.90%	1.039	0.50%	1.022	2.20%	1.116	1.70%	1.163	0.60%	1.079
11	0.40%	1.017	0.70%	1.029	0.40%	1.017	2.00%	1.092	1.20%	1.144	0.60%	1.072
12	0.30%	1.013	0.50%	1.022	0.30%	1.013	1.80%	1.071	1.20%	1.130	0.40%	1.066
13	0.30%	1.010	0.40%	1.017	0.30%	1.010	1.50%	1.052	1.20%	1.117	0.40%	1.062
14	0.20%	1.007	0.30%	1.013	0.20%	1.007	1.20%	1.037	1.20%	1.104	0.40%	1.057
15	0.20%	1.005	0.20%	1.010	0.20%	1.005	0.90%	1.024	1.20%	1.090	0.40%	1.053
16	0.20%	1.003	0.20%	1.008	0.20%	1.003	0.50%	1.015	1.00%	1.078	0.40%	1.049
17	0.10%	1.001	0.20%	1.006	0.10%	1.001	0.20%	1.010	1.00%	1.067	0.40%	1.045
18	0.00%	1.000	0.20%	1.004	0.00%	1.000	0.10%	1.008	1.00%	1.056	0.40%	1.041
19	0.00%	1.000	0.10%	1.002	0.00%	1.000	0.10%	1.007	1.00%	1.046	0.40%	1.037
20	0.00%	1.000	0.10%	1.001	0.00%	1.000	0.10%	1.006	1.00%	1.036	0.40%	1.032
21	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.10%	1.005	0.50%	1.025	0.40%	1.028
22	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.10%	1.004	0.50%	1.020	0.40%	1.024
23	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.10%	1.003	0.50%	1.015	0.40%	1.020
24	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.10%	1.002	0.50%	1.010	0.40%	1.016
25	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.10%	1.001	0.50%	1.005	0.40%	1.012
26	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.40%	1.008
27	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.40%	1.004
28	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000
29	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000
30+	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000	0.00%	1.000

Summary of Actuarial Assumptions and Methods (continued)

7. Future Salaries – Page 2 of 2

Relative Salary Values				
	PERS / SERS / PSERS	TRS	LEOFF	WSPRS
Annual Percent Increase	4.74%	4.58%	5.05%	4.74%
Attributed to Growth in Active Group Size	0.95%	0.80%	1.25%	0.95%
Attributed to the Effects of Inflation on Salaries	3.75%	3.75%	3.75%	3.75%

8. Other Specific Assumptions that Have a Material Impact on Valuation Results

- Members of the following plans increase their Average Final Compensation by an average stated below by cashing out sick leave or annual leave pay, or by increasing overtime: PERS 1 up to 4.0 percent, TRS 1 up to 0.75 percent, LEOFF 1 up to 4.5 percent, and WSPRS 1 up to 7.0 percent.
- Post-retirement cost-of-living increases are assumed to be 3.0 percent each year for all plans including: LEOFF 1 at 3.0 percent, and qualifying PERS 1/TRS 1 receive a COLA on minimum benefit levels.
- LEOFF 2 members are assumed to disable or die due to duty-related injury or illness at a rate which varies with age. For more details, contact the Office of the State Actuary.
- Other assumptions include the probability of a vested terminated member not withdrawing his or her contributions from the plan, the probability of being married, military service, single life annuity refund on death, and beneficiary age. More details on these and other assumptions can be obtained from the Office of the State Actuary.

9. Change in Assumptions

Assumption Changes

- The assumed return on investment earnings decreased from 7.90 to 7.80 percent for all plans; this decrease is consistent with current pension funding law. Note that LEOFF 2 remains at 7.50 percent. Similarly, JRS and Judges stayed at 4.00 percent.
- We reviewed all the demographic (non-economic) assumptions used in the actuarial valuation. Please see the 2007-2012 *Demographic Experience Study Report* for the assumption changes we made. Moving from 50 percent of Scale AA to Scale BB for our mortality improvement assumption had the largest impact on the valuation results.
- We updated assumed administrative factors consistent with those currently in use by the Department of Retirement Systems.

Method Changes

We made minor changes to our valuation software for PSERS and made small changes to how we value the Basic Minimum COLA in PERS 1 and TRS 1.

Please see the 2013 *Actuarial Valuation Report* for further details.

10. Actuarial Cost Method

Valuation assets are at market value with annual gains and losses recognized on a graded scale over an eight-year period. Additionally, the actuarial value of assets may not exceed 130 percent, nor drop below 70 percent of the market value of assets. JRS and Judges use the market value of assets for valuation assets.

PERS Plan 1, TRS Plan 1, LEOFF Plan 1, JRS, and Judges

Funding (Actual Contributions): A variation of the Entry Age Normal (EAN) Cost Method is used for PERS 1 and TRS 1. The contribution toward the UAAL has been developed in the valuation as a level percentage of expected future covered payrolls which will amortize the UAAL over a rolling ten-year period. PERS 1 amortizes the UAAL over all PERS, SERS, and PSERS payroll, including projected system growth. TRS 1 amortizes the UAAL over all TRS payroll, including projected system growth. The UAAL rates have contribution rate ceilings effective 2009-2015. After 2015, PERS 1 has a minimum UAAL rate of 3.50 percent, and TRS 1 has a minimum UAAL rate of 5.75 percent. No contributions are required when the LEOFF 1 is fully funded. JRS and Judges are funded on a pay-as-you-go basis.

Disclosure (Annual Required Contributions): The funding method described in the previous paragraph for PERS 1 and TRS 1 is not an acceptable method for the GASB Statement Number 25 disclosures because it includes payroll outside the plan. In order to meet GASB Statement Number 25 requirements, the Entry Age cost method has been used for these plans. The UAAL is amortized as a level dollar amount over the applicable amortization period. PERS and TRS Plans 1 use a rolling ten-year amortization period. We report annual required contributions for JRS and Judges under the Entry Age cost method with a rolling five-year amortization period. For all other plans that use the Aggregate funding method, we calculate the annual required contributions as the contribution rate under the Aggregate method (excluding minimum contribution rates) collected over covered payroll.

PERS Plan 2/3, SERS Plan 2/3, TRS Plan 2/3, PSERS Plan 2, LEOFF Plan 2, and WSPRS

The Aggregate Actuarial Cost Method is used to calculate the contribution rates. Under this method the unfunded actuarial present value of fully projected benefits is amortized over the projected earnings of the active group. The entire contribution is normal cost, and no UAAL exists. All gains and losses are amortized over future salaries of current active members. PERS 2/3, TRS 2/3, SERS 2/3, and PSERS 2 minimum contribution rates are based upon 80 percent of the Entry Age Normal Cost Rate (EANC). WSPRS minimum contribution rates are based upon 70 percent of the EANC. Similarly, LEOFF 2 minimum contribution rates are based upon 90 percent of the EANC.

11. Change in Funding Policy

In July 2014, the Pension Funding Council adopted contribution rates for the 2015-17 Biennium that recognize one-third of the impact of moving from 50 percent of Scale AA to 100 percent of Scale BB for assumed mortality improvements. This represents a temporary change in funding policy that may be revised by the Legislature in the future.

12. Material Changes in Benefit Provisions and Contribution Rates

The GASB disclosure contribution rates are based on the latest actuarial valuations as of June 30, 2013.

The following laws, enacted in 2014 had an impact on the latest actuarial valuation (i.e. legislation that produced supplemental contribution rate impacts): *None*

Schedule of Active Member Valuation Data

Schedule of Active Member Valuation Data: PERS Plan 1				
Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	5,653	\$317.8	\$56,224	0.6%
6/30/12	6,635	370.8	55,878	0.1%
6/30/11	7,733	431.8	55,842	(0.9)%
6/30/10	9,007	507.3	56,324	0.5%
6/30/09	10,354	580.2	56,034	2.4%
6/30/08	11,663	638.5	54,743	5.0%

Schedule of Active Member Valuation Data: PERS Plan 2				
Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	115,751	\$6,758.5	\$58,388	1.2%
6/30/12	115,877	6,688.2	57,718	1.2%
6/30/11	117,096	6,679.4	57,042	1.3%
6/30/10	119,826	6,748.3	56,317	2.0%
6/30/09	121,800	6,723.9	55,204	4.1%
6/30/08	123,285	6,537.5	53,028	6.5%

Schedule of Active Member Valuation Data: PERS Plan 3				
Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	29,302	\$1,580.8	\$53,948	0.7%
6/30/12	28,078	1,504.4	53,579	0.6%
6/30/11	27,588	1,468.9	53,245	1.1%
6/30/10	27,693	1,458.0	52,647	1.2%
6/30/09	27,081	1,408.4	52,006	4.3%
6/30/08	26,720	1,331.7	49,840	5.7%

Schedule of Active Member Valuation Data: SERS Plan 2				
Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	21,760	\$622.8	\$28,620	0.4%
6/30/12	20,846	594.0	28,494	0.1%
6/30/11	20,784	591.4	28,453	0.6%
6/30/10	20,358	576.0	28,293	0.8%
6/30/09	20,197	567.0	28,072	3.5%
6/30/08	19,264	522.4	27,118	2.2%

Schedule of Active Member Valuation Data: SERS Plan 3

Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	30,535	\$891.5	\$29,195	1.3%
6/30/12	30,712	884.8	28,810	1.1%
6/30/11	31,548	898.6	28,483	1.3%
6/30/10	31,981	899.0	28,110	0.9%
6/30/09	32,277	899.5	27,869	5.7%
6/30/08	32,510	857.1	26,364	7.4%

Schedule of Active Member Valuation Data: PSERS Plan 2

Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	4,513	\$253.1	\$56,075	0.1%
6/30/12	4,250	238.0	55,999	0.7%
6/30/11	4,187	232.8	55,597	3.0%
6/30/10	4,210	227.4	54,003	4.9%
6/30/09	4,340	223.4	51,476	2.5%
6/30/08	3,981	200.0	50,231	3.1%

Schedule of Active Member Valuation Data: TRS Plan 1

Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	2,393	\$183.2	\$76,549	1.1%
6/30/12	3,019	228.5	75,681	(0.4)%
6/30/11	3,740	284.2	75,994	1.4%
6/30/10	4,591	344.0	74,930	0.3%
6/30/09	5,204	388.8	74,707	4.7%
6/30/08	6,061	432.4	71,340	6.0%

Schedule of Active Member Valuation Data: TRS Plan 2

Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	12,071	\$740.2	\$61,320	(0.5)%
6/30/12	10,849	668.8	61,648	(2.2)%
6/30/11	10,285	648.2	63,025	(0.6)%
6/30/10	9,442	598.8	63,423	(1.3)%
6/30/09	9,174	589.3	64,239	1.9%
6/30/08	8,103	510.8	63,043	1.3%

Schedule of Active Member Valuation Data (continued)

Schedule of Active Member Valuation Data: TRS Plan 3				
Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	51,471	\$3,482.7	\$67,664	2.2%
6/30/12	51,489	3,408.1	66,191	0.5%
6/30/11	52,178	3,436.7	65,866	2.3%
6/30/10	52,292	3,366.7	64,382	1.3%
6/30/09	53,010	3,367.9	63,534	6.9%
6/30/08	52,360	3,110.6	59,408	6.3%

Schedule of Active Member Valuation Data: LEOFF Plan 1				
Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	143	\$14.8	\$103,362	2.5%
6/30/12	186	18.8	100,828	2.8%
6/30/11	250	24.5	98,078	1.4%
6/30/10	301	29.1	96,686	3.2%
6/30/09	356	33.3	93,679	6.4%
6/30/08	421	37.1	88,070	5.8%

Schedule of Active Member Valuation Data: LEOFF Plan 2				
Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	16,687	\$1,596.8	\$95,694	2.6%
6/30/12	16,720	1,560.1	93,308	2.2%
6/30/11	16,805	1,534.7	91,322	2.8%
6/30/10	16,775	1,490.1	88,828	4.4%
6/30/09	16,951	1,442.5	85,097	5.2%
6/30/08	16,626	1,344.9	80,889	5.6%

Schedule of Active Member Valuation Data: WSPRS Plan 1				
Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	657	\$53.5	\$81,465	1.5%
6/30/12	712	57.1	80,263	0.4%
6/30/11	767	61.3	79,983	(0.3)%
6/30/10	806	64.6	80,197	0.1%
6/30/09	830	66.5	80,115	4.4%
6/30/08	851	65.3	76,751	6.7%

Schedule of Active Member Valuation Data: WSPRS Plan 2

Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	409	\$26.6	\$65,058	(0.2)%
6/30/12	354	23.1	65,165	1.7%
6/30/11	315	20.2	64,103	0.7%
6/30/10	281	17.9	63,660	1.7%
6/30/09	264	16.5	62,583	9.3%
6/30/08	234	13.4	57,233	5.7%

Schedule of Active Member Valuation Data: JRS

Valuation Data	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/13	—	\$—	\$—	(100.0)%
6/30/12	2	0.3	148,832	(3.3)%
6/30/11	3	0.5	153,962	1.4%
6/30/10	5	0.8	151,908	0.7%
6/30/09	9	1.4	150,870	6.0%
6/30/08	10	1.4	142,328	5.9%

Note: Averages are based on actual, not rounded amounts.
Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: PERS Plan 1								
	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	1,596	\$40,451,809	2,408	\$38,081,771	51,860	\$1,177,115,047	\$22,698	0.7%
6/30/12	1,643	42,344,185	2,235	33,066,677	52,672	1,169,187,194	22,198	1.5%
6/30/11	1,829	49,678,585	2,307	31,131,283	53,264	1,151,599,650	21,621	3.6%
6/30/10	1,891	48,714,779	2,296	30,635,880	53,742	1,112,108,596	20,693	3.5%
6/30/09	1,824	47,679,971	2,258	28,065,463	54,147	1,073,997,138	19,835	3.7%
6/30/08	2,138	54,916,521	2,243	27,122,179	54,581	1,035,876,249	18,979	4.6%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: PERS Plan 2								
	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	4,167	\$82,479,614	658	\$7,214,843	31,329	\$472,011,858	\$15,066	22.1%
6/30/12	3,685	67,895,490	576	5,893,503	27,820	386,547,451	13,895	20.6%
6/30/11	3,206	59,754,016	538	5,248,298	24,711	320,615,736	12,975	23.2%
6/30/10	2,732	45,416,589	479	4,302,408	22,043	260,152,502	11,802	21.8%
6/30/09	2,461	37,668,755	469	3,848,756	19,790	213,544,944	10,791	22.0%
6/30/08	2,215	27,458,079	376	2,944,525	17,798	175,102,432	9,838	19.4%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: PERS Plan 3								
	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	414	\$4,231,693	25	\$175,440	2,139	\$18,566,461	\$8,680	31.1%
6/30/12	377	3,768,015	15	95,645	1,750	14,165,571	8,095	36.6%
6/30/11	289	2,750,573	15	115,610	1,388	10,366,918	7,469	36.8%
6/30/10	211	1,847,618	17	105,335	1,114	7,575,590	6,800	33.1%
6/30/09	188	1,431,296	11	68,324	920	5,691,504	6,186	34.6%
6/30/08	153	973,585	9	39,824	743	4,227,474	5,690	31.2%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: SERS Plan 2								
	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	729	\$7,922,612	82	\$669,493	5,084	\$47,586,513	\$9,360	21.1%
6/30/12	685	7,196,654	71	556,280	4,437	39,304,032	8,858	22.0%
6/30/11	560	5,481,726	48	331,627	3,823	32,224,861	8,429	21.8%
6/30/10	482	4,325,732	41	339,774	3,311	26,455,961	7,990	20.9%
6/30/09	454	3,836,380	32	197,969	2,870	21,890,772	7,627	23.0%
6/30/08	450	3,526,561	28	186,696	2,448	17,799,193	7,271	26.1%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: SERS Plan 3

	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	803	\$4,385,800	22	\$91,177	3,995	\$19,657,323	\$4,920	31.1%
6/30/12	636	3,285,871	27	105,484	3,214	14,992,908	4,665	28.5%
6/30/11	553	3,038,825	21	73,455	2,605	11,667,747	4,479	37.2%
6/30/10	332	1,614,718	18	51,140	2,073	8,504,426	4,102	25.6%
6/30/09	346	1,552,969	12	36,518	1,759	6,768,866	3,848	31.9%
6/30/08	325	1,370,967	15	57,309	1,425	5,130,021	3,600	37.5%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: PSERS Plan 2

	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	16	\$98,050	—	\$—	43	\$184,938	\$4,301	116.0%
6/30/12	12	46,142	—	—	27	85,628	3,171	117.6%
6/30/11	8	25,844	—	—	15	39,355	2,624	192.3%
6/30/10	5	10,383	—	—	7	13,465	1,924	339.7%
6/30/09	1	2,409	—	—	2	3,062	1,531	368.9%
6/30/08	1	653	—	—	1	653	653	0.0%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: TRS Plan 1

	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	889	\$28,516,769	1,031	\$19,814,149	35,912	\$887,718,032	\$24,719	1.2%
6/30/12	1,007	32,011,915	1,071	19,959,639	36,054	877,408,017	24,336	1.6%
6/30/11	1,161	37,444,310	1,058	18,622,578	36,118	863,605,633	23,911	4.0%
6/30/10	947	27,363,548	964	16,376,709	36,015	829,998,363	23,046	3.2%
6/30/09	1,193	33,860,034	1,040	16,463,852	36,032	804,572,786	22,329	3.9%
6/30/08	1,564	43,927,319	1,069	16,443,154	35,879	774,340,924	21,582	5.2%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: TRS Plan 2

	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	422	\$10,037,156	37	\$626,458	3,445	\$66,622,927	\$19,339	19.6%
6/30/12	424	9,371,702	21	336,553	3,060	55,682,494	18,197	20.8%
6/30/11	362	7,470,573	25	307,667	2,657	46,085,043	17,345	21.3%
6/30/10	249	5,208,999	33	383,886	2,320	37,984,977	16,373	17.7%
6/30/09	246	4,939,050	21	265,215	2,104	32,273,082	15,339	20.2%
6/30/08	244	4,076,287	29	323,867	1,879	26,844,925	14,287	19.5%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls (continued)

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: TRS Plan 3								
	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	1,083	\$13,777,247	24	\$234,999	4,863	\$52,704,816	\$10,838	38.0%
6/30/12	896	10,668,293	26	207,788	3,804	38,191,899	10,040	39.3%
6/30/11	714	8,168,048	15	132,216	2,934	27,425,422	9,347	44.5%
6/30/10	454	4,632,283	10	73,282	2,235	18,983,833	8,494	34.9%
6/30/09	408	4,058,520	9	60,319	1,791	14,073,479	7,858	43.2%
6/30/08	360	3,056,652	11	78,741	1,392	9,828,264	7,061	47.1%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: LEOFF Plan 1								
	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	146	\$7,890,561	262	\$10,485,897	7,729	\$356,229,923	\$46,090	1.7%
6/30/12	162	9,325,170	249	9,732,437	7,845	350,199,616	44,640	3.0%
6/30/11	136	7,331,503	212	8,121,870	7,932	340,160,704	42,885	0.5%
6/30/10	167	9,065,821	246	9,545,410	8,008	338,503,613	42,271	0.3%
6/30/09	156	8,226,656	203	7,267,042	8,087	337,505,287	41,734	4.7%
6/30/08	189	9,377,706	216	7,617,139	8,134	322,365,013	39,632	4.3%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: LEOFF Plan 2								
	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	457	\$21,512,439	19	\$571,580	2,782	\$105,193,996	\$37,812	28.5%
6/30/12	355	16,447,618	26	705,284	2,344	81,874,896	34,930	25.1%
6/30/11	389	15,718,562	13	333,059	2,015	65,459,659	32,486	33.8%
6/30/10	285	10,278,954	13	332,332	1,639	48,926,257	29,851	29.2%
6/30/09	243	8,478,268	10	216,179	1,367	37,876,404	27,708	31.0%
6/30/08	227	6,985,801	17	279,908	1,134	28,904,921	25,489	33.7%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: WSPRS Plan 1								
	Added to Rolls		Removed from Rolls		Rolls-End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	% Increase in Annual Allowance
6/30/13	67	\$3,124,867	18	\$587,613	964	\$44,897,586	\$46,574	9.1%
6/30/12	59	2,674,231	19	715,514	915	41,147,922	44,970	6.6%
6/30/11	42	1,918,898	18	476,475	875	38,597,849	44,112	5.1%
6/30/10	33	1,549,594	16	489,562	851	36,718,045	43,147	6.0%
6/30/09	15	710,502	12	377,080	834	34,636,899	41,531	4.0%
6/30/08	28	1,152,618	18	541,668	831	33,303,079	40,076	4.8%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: JRS

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	% Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/13	7	\$476,184	12	\$877,160	114	\$9,440,927	\$82,815	(1.5)%
6/30/12	4	317,799	9	670,577	119	9,584,381	80,541	(1.7)%
6/30/11	4	285,689	5	400,572	124	9,745,840	78,595	0.1%
6/30/10	10	700,776	9	626,362	125	9,733,805	77,870	3.5%
6/30/09	4	276,433	7	497,241	124	9,401,392	75,818	0.4%
6/30/08	4	267,383	7	374,274	127	9,359,660	73,698	1.7%

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: Judges

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	% Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/13	—	\$—	—	\$—	12	\$444,282	\$37,024	(7.7)%
6/30/12	—	—	1	18,329	12	481,349	40,116	(3.7)%
6/30/11	—	—	—	—	13	499,719	38,440	0.0%
6/30/10	—	—	—	—	13	499,719	38,440	0.0%
6/30/09	—	—	—	—	13	499,719	38,440	0.0%
6/30/08	—	—	2	—	13	499,719	38,440	(13.6)%

Source: Washington State Office of the State Actuary

Solvency Tests

Solvency Test: PERS Plan 1

Dollars in Millions

Accrued Liabilities (Entry Age Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/13	\$662.6	\$11,371.1	\$613.4	\$12,647.1	\$8,053.1	100%	65%	0%
6/30/12	740.8	10,685.6	707.0	12,133.4	8,520.6	100%	73%	0%
6/30/11	818.7	10,677.5	852.1	12,348.4	8,883.4	100%	76%	0%
6/30/10	912.6	10,232.0	1,096.0	12,240.7	9,293.0	100%	82%	0%
6/30/09	989.9	11,269.4	1,703.2	13,962.6	9,775.6	100%	78%	0%
6/30/08	1,055.8	10,963.4	1,881.7	13,901.0	9,852.9	100%	80%	0%

Solvency Test: PERS Plan 2/3

Dollars in Millions

Accrued Liabilities (Entry Age Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/13	\$4,121.6	\$8,388.8	\$11,824.2	\$24,334.6	\$24,334.6	100%	100%	100%
6/30/12	3,878.2	6,710.3	12,064.0	22,652.6	22,652.6	100%	100%	100%
6/30/11	3,605.7	5,756.8	11,634.2	20,996.7	20,996.7	100%	100%	100%
6/30/10	3,388.0	4,753.4	11,332.7	19,474.1	19,474.1	100%	100%	100%
6/30/09	3,132.0	4,038.0	11,090.4	18,260.4	18,260.4	100%	100%	100%
6/30/08	2,760.9	3,447.1	10,484.7	16,692.7	16,692.7	100%	100%	100%

Solvency Test: SERS Plan 2/3

Dollars in Millions

Accrued Liabilities (Entry Age Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/13	\$309.2	\$1,267.1	\$1,758.3	\$3,334.6	\$3,334.6	100%	100%	100%
6/30/12	295.3	1,018.0	1,787.0	3,100.3	3,100.3	100%	100%	100%
6/30/11	279.8	862.1	1,730.3	2,872.1	2,872.1	100%	100%	100%
6/30/10	266.2	713.8	1,684.1	2,664.1	2,664.1	100%	100%	100%
6/30/09	251.5	613.7	1,637.9	2,503.2	2,503.2	100%	100%	100%
6/30/08	226.5	523.7	1,552.4	2,302.6	2,302.6	100%	100%	100%

Note: Totals may not agree due to rounding and percentages are based on actual, not rounded totals.
Source: Washington State Office of the State Actuary

Solvency Test: PSERS Plan 2

Dollars in Millions

Accrued Liabilities (Entry Age Cost Method)

Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability
6/30/13	\$92.5	\$14.7	\$117.1	\$224.2
6/30/12	76.5	9.2	94.8	180.5
6/30/11	62.0	6.1	72.6	140.7
6/30/10	46.9	4.2	51.7	102.9
6/30/09	32.4	2.0	34.8	69.2
6/30/08	18.1	0.9	19.7	38.7

Portion of Accrued Liabilities Covered by Assets

Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
\$224.2	100%	100%	100%
180.5	100%	100%	100%
140.7	100%	100%	100%
102.9	100%	100%	100%
69.2	100%	100%	100%
38.7	100%	100%	100%

Solvency Test: TRS Plan 1

Dollars in Millions

Accrued Liabilities (Entry Age Cost Method)

Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability
6/30/13	\$433.7	\$8,511.5	\$441.0	\$9,386.1
6/30/12	509.9	7,952.4	534.4	8,996.7
6/30/11	598.1	7,934.2	662.4	9,194.7
6/30/10	663.6	7,586.5	870.0	9,120.0
6/30/09	725.6	8,821.7	1,264.8	10,812.1
6/30/08	790.2	8,564.6	1,399.1	10,753.9

Portion of Accrued Liabilities Covered by Assets

Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
\$6,717.1	100%	74%	0%
7,144.5	100%	83%	0%
7,485.0	100%	87%	0%
7,791.3	100%	94%	0%
8,146.2	100%	84%	0%
8,262.3	100%	87%	0%

Solvency Test: TRS Plan 2/3

Dollars in Millions

Accrued Liabilities (Entry Age Cost Method)

Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability
6/30/13	\$424.4	\$2,335.8	\$5,645.8	\$8,406.1
6/30/12	402.9	1,831.7	5,523.4	7,757.9
6/30/11	382.6	1,516.3	5,241.7	7,140.6
6/30/10	366.3	1,224.5	5,002.5	6,593.3
6/30/09	349.7	1,032.2	4,778.1	6,160.0
6/30/08	322.2	883.1	4,475.8	5,681.0

Portion of Accrued Liabilities Covered by Assets

Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
\$8,406.1	100%	100%	100%
7,757.9	100%	100%	100%
7,140.6	100%	100%	100%
6,593.3	100%	100%	100%
6,160.0	100%	100%	100%
5,681.0	100%	100%	100%

Note: Totals may not agree due to rounding and percentages are based on actual, not rounded totals.
Source: Washington State Office of the State Actuary

Solvency Tests (continued)

Solvency Test: LEOFF Plan 1

Dollars in Millions

Accrued Liabilities (Entry Age Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/13	\$27.1	\$4,254.5	\$119.4	\$4,401.0	\$5,516.4	100%	100%	100%
6/30/12	33.5	3,945.9	134.5	4,113.9	5,561.6	100%	100%	100%
6/30/11	43.3	3,898.6	196.2	4,138.0	5,565.3	100%	100%	100%
6/30/10	49.5	4,090.6	245.9	4,386.0	5,560.9	100%	100%	100%
6/30/09	55.4	4,149.8	281.2	4,486.5	5,612.1	100%	100%	100%
6/30/08	62.3	3,997.4	308.0	4,367.7	5,592.5	100%	100%	100%

Solvency Test: LEOFF Plan 2

Dollars in Millions

Accrued Liabilities (Entry Age Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/13	\$2,054.4	\$1,862.4	\$3,945.5	\$7,862.3	\$7,862.3	100%	100%	100%
6/30/12	1,925.9	1,427.7	3,868.3	7,221.9	7,221.9	100%	100%	100%
6/30/11	1,782.2	1,166.1	3,672.3	6,620.7	6,620.7	100%	100%	100%
6/30/10	1,615.0	924.7	3,503.0	6,042.7	6,042.7	100%	100%	100%
6/30/09	1,479.5	682.5	3,402.1	5,564.2	5,564.2	100%	100%	100%
6/30/08	1,319.7	547.5	3,185.5	5,052.7	5,052.7	100%	100%	100%

Solvency Test: WSPRS Plan 1/2

Dollars in Millions

Accrued Liabilities (Entry Age Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/13	\$71.6	\$663.3	\$274.4	\$1,009.4	\$1,009.4	100%	100%	100%
6/30/12	70.8	576.1	334.9	981.7	981.7	100%	100%	100%
6/30/11	69.0	541.2	339.3	949.5	949.5	100%	100%	100%
6/30/10	66.4	496.5	356.7	919.6	919.6	100%	100%	100%
6/30/09	62.4	474.5	363.5	900.4	900.4	100%	100%	100%
6/30/08	56.0	460.5	353.2	869.7	869.7	100%	100%	100%

Note: Totals may not agree due to rounding and percentages are based on actual, not rounded totals.
Source: Washington State Office of the State Actuary

Solvency Test: JRS

Dollars in Millions

Accrued Liabilities (Entry Age Cost Method)

Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability
6/30/13	\$—	\$108.2	\$—	\$108.2
6/30/12	1.0	100.4	2.5	103.9
6/30/11	1.5	104.3	3.6	109.3
6/30/10	2.2	78.5	3.1	83.8
6/30/09	3.7	76.1	9.5	89.3
6/30/08	3.7	78.2	9.7	91.5

Portion of Accrued Liabilities Covered by Assets

Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
\$3.9	n/a	4%	n/a
3.5	100%	2%	0%
5.1	100%	3%	0%
3.8	100%	2%	0%
1.8	50%	0%	0%
1.0	26%	0%	0%

This is a relatively small fund administered by DRS which is funded on a pay-as-you-go basis.

Solvency Test: Judges

Dollars in Millions

Accrued Liabilities (Entry Age Cost Method)

Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability
6/30/13	\$—	\$3.5	\$—	\$3.5
6/30/12	—	3.6	—	3.6
6/30/11	—	3.9	—	3.9
6/30/10	—	3.2	—	3.2
6/30/09	—	3.4	—	3.4
6/30/08	—	3.5	—	3.5

Portion of Accrued Liabilities Covered by Assets

Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
\$1.4	n/a	40%	n/a
1.9	n/a	52%	n/a
2.3	n/a	61%	n/a
2.8	n/a	87%	n/a
3.3	n/a	97%	n/a
3.6	n/a	100%	n/a

This is a relatively small fund administered by DRS which is funded on a pay-as-you-go basis.

Note: Totals may not agree due to rounding and percentages are based on actual, not rounded totals.
Source: Washington State Office of the State Actuary

Note on PERS Plan 2/3, SERS Plan 2/3, PSERS Plan 2, TRS Plan 2/3, LEOFF Plan 2 and WSPRS Plan 1/2: The actuarial liability (AAL) presented in these charts reflects the actual actuarial valuation method (Aggregate Cost) used to calculate the annual required contributions for these plans. This Aggregate Cost method does not separately amortize unfunded actuarial liabilities and, by definition, sets the accrued liabilities equal to the assets. Therefore, the funded status is always 100%. These AAL amounts differ from those presented in the schedules of funded status and funding progress included in the Notes to the Financial Statements in the Financial Section, where a different valuation method (Entry Age) was used as a surrogate.

Analysis of Selected Experience

Analysis of Selected Experience: PERS Plan 1 Selected Gains and Losses During Years Ended 2008 to 2013 Resulting from Differences Between Assumed Experience and Actual Experience Dollars in Millions

Type of Activity	\$ Gain (or Loss) For Year					
	2013	2012	2011	2010	2009	2008
Investment Gains*	\$ (417.4)	\$ (340.4)	\$ (397.7)	\$ (668.0)	\$ (298.2)	\$ 151.6
Salary Gains	25.8	47.9	59.9	54.2	10.9	(59.2)
Termination of Employment	1.1	0.5	0.1	1.2	(0.2)	(0.4)
Return to Work from Terminated Status	(2.8)	(3.2)	(6.4)	(8.0)	(9.7)	(49.1)
Gain (or Loss) During Year from Selected Experience	<u>\$ (393.3)</u>	<u>\$ (295.2)</u>	<u>\$ (344.1)</u>	<u>\$ (620.6)</u>	<u>\$ (297.2)</u>	<u>\$ 42.9</u>

Analysis of Selected Experience: PERS Plan 2/3 Selected Gains and Losses During Years Ended 2008 to 2013 Resulting from Differences Between Assumed Experience and Actual Experience Dollars in Millions

Type of Activity	\$ Gain (or Loss) For Year					
	2013	2012	2011	2010	2009	2008
Investment Gains*	\$ (302.6)	\$ (295.6)	\$ (404.3)	\$ (619.2)	\$ (134.3)	\$ 273.4
Salary Gains	481.1	663.9	731.7	577.8	185.9	(326.1)
Termination of Employment	131.8	129.3	118.3	18.0	21.1	47.8
Return to Work from Terminated Status	(66.3)	(58.3)	(44.1)	(50.2)	(47.8)	(97.1)
Gain (or Loss) During Year from Selected Experience	<u>\$ 244.0</u>	<u>\$ 439.3</u>	<u>\$ 401.6</u>	<u>\$ (73.6)</u>	<u>\$ 24.9</u>	<u>\$ (102.0)</u>

Analysis of Selected Experience: SERS Plan 2/3 Selected Gains and Losses During Years Ended 2008 to 2013 Resulting from Differences Between Assumed Experience and Actual Experience Dollars in Millions

Type of Activity	\$ Gain (or Loss) For Year					
	2013	2012	2011	2010	2009	2008
Investment Gains*	\$ (66.4)	\$ (69.6)	\$ (80.5)	\$ (115.1)	\$ (33.2)	\$ 39.1
Salary Gains	53.1	94.1	75.1	84.5	(27.4)	(27.5)
Termination of Employment	18.0	20.3	8.3	3.1	5.8	11.0
Return to Work from Terminated Status	(4.7)	(3.5)	(5.2)	(5.5)	(6.2)	(8.4)
Gain (or Loss) During Year from Selected Experience	<u>\$ —</u>	<u>\$ 41.3</u>	<u>\$ (2.3)</u>	<u>\$ (33.0)</u>	<u>\$ (61.0)</u>	<u>\$ 14.2</u>

*Actuarial value of assets
Source: Washington State Office of the State Actuary

Analysis of Selected Experience: PSERS Plan 2
Selected Gains and Losses During Years Ended 2008 to 2013
Resulting from Differences Between Assumed Experience and Actual Experience
Dollars in Millions

Type of Activity	\$ Gain (or Loss) For Year					
	2013	2012	2011	2010	2009	2008
Investment Gains*	\$ 0.8	\$ (0.4)	\$ 0.4	\$ (1.2)	\$ 0.4	\$ (0.3)
Salary Gains	14.1	17.7	14.9	10.3	8.5	(5.1)
Termination of Employment	3.7	7.7	4.2	4.7	(7.4)	0.4
Return to Work from Terminated Status	(0.9)	—	—	—	—	(0.9)
Gain (or Loss) During Year from Selected Experience	<u>\$ 17.7</u>	<u>\$ 25.0</u>	<u>\$ 19.5</u>	<u>\$ 13.8</u>	<u>\$ 1.5</u>	<u>\$ (5.9)</u>

Analysis of Selected Experience: TRS Plan 1
Selected Gains and Losses During Years Ended 2008 to 2013
Resulting from Differences Between Assumed Experience and Actual Experience
Dollars in Millions

Type of Activity	\$ Gain (or Loss) For Year					
	2013	2012	2011	2010	2009	2008
Investment Gains*	\$ (324.0)	\$ (262.3)	\$ (247.3)	\$ (502.1)	\$ (287.8)	\$ 26.1
Salary Gains	20.6	45.5	36.5	60.7	(17.4)	(28.9)
Termination of Employment	0.3	(0.3)	0.2	0.9	1.5	0.7
Return to Work from Terminated Status	(1.6)	(2.2)	(4.4)	(7.3)	(6.0)	(23.6)
Gain (or Loss) During Year from Selected Experience	<u>\$ (304.7)</u>	<u>\$ (219.3)</u>	<u>\$ (215.0)</u>	<u>\$ (447.8)</u>	<u>\$ (309.7)</u>	<u>\$ (25.7)</u>

Analysis of Selected Experience: TRS Plan 2/3
Selected Gains and Losses During Years Ended 2008 to 2013
Resulting from Differences Between Assumed Experience and Actual Experience
Dollars in Millions

Type of Activity	\$ Gain (or Loss) For Year					
	2013	2012	2011	2010	2009	2008
Investment Gains*	\$ (122.3)	\$(142.0)	\$(180.6)	\$(266.8)	\$ (120.1)	\$ 66.8
Salary Gains	226.6	389.0	252.6	341.3	(67.3)	(52.7)
Termination of Employment	120.7	130.0	85.5	92.9	71.7	54.8
Return to Work from Terminated Status	(56.5)	(39.9)	(43.7)	(37.5)	(63.0)	(85.4)
Gain (or Loss) During Year from Selected Experience	<u>\$ 168.5</u>	<u>\$ 337.1</u>	<u>\$ 113.8</u>	<u>\$ 129.9</u>	<u>\$ (178.7)</u>	<u>\$ (16.5)</u>

*Actuarial value of assets
Source: Washington State Office of the State Actuary

Analysis of Selected Experience (continued)

Analysis of Selected Experience: LEOFF Plan 1 Selected Gains and Losses During Years Ended 2008 to 2013 Resulting from Differences Between Assumed Experience and Actual Experience Dollars in Millions

Type of Activity	\$ Gain (or Loss) For Year					
	2013	2012	2011	2010	2009	2008
Investment Gains*	\$ (118.6)	\$ (86.9)	\$ (84.2)	\$ (144.8)	\$ (88.1)	\$ 196.4
Salary Gains	3.5	4.3	6.2	1.9	(4.5)	(2.2)
Termination of Employment	(0.1)	—	(0.1)	(0.1)	0.1	(0.1)
Return to Work from Terminated Status	—	—	(0.2)	0.5	(4.3)	(2.7)
Gain (or Loss) During Year from Selected Experience	<u>\$ (115.2)</u>	<u>\$ (82.6)</u>	<u>\$ (78.3)</u>	<u>\$ (142.5)</u>	<u>\$ (96.8)</u>	<u>\$ 191.4</u>

Analysis of Selected Experience: LEOFF Plan 2 Selected Gains and Losses During Years Ended 2008 to 2013 Resulting from Differences Between Assumed Experience and Actual Experience Dollars in Millions

Type of Activity	\$ Gain (or Loss) For Year					
	2013	2012	2011	2010	2009	2008
Investment Gains*	\$ 16.7	\$ (4.5)	\$ (1.9)	\$ (68.7)	\$ 19.4	\$ 135.8
Salary Gains	117.5	186.3	164.7	91.1	6.5	(29.7)
Termination of Employment	3.4	9.0	2.5	25.8	11.8	2.9
Return to Work from Terminated Status	(6.6)	(4.5)	(16.8)	(12.6)	(7.9)	(22.6)
Gain (or Loss) During Year from Selected Experience	<u>\$ 131.0</u>	<u>\$ 186.3</u>	<u>\$ 148.5</u>	<u>\$ 35.6</u>	<u>\$ 29.8</u>	<u>\$ 86.4</u>

Analysis of Selected Experience: WSPRS Plan 1/2 Selected Gains and Losses During Years Ended 2008 to 2013 Resulting from Differences Between Assumed Experience and Actual Experience Dollars in Millions

Type of Activity	\$ Gain (or Loss) For Year					
	2013	2012	2011	2010	2009	2008
Investment Gains*	\$ (10.2)	\$ (6.7)	\$ (8.5)	\$ (20.5)	\$ (6.2)	\$ 28.4
Salary Gains	8.6	12.5	18.8	19.0	(0.7)	(5.9)
Termination of Employment	(0.3)	2.5	0.1	(1.0)	1.2	1.1
Return to Work from Terminated Status	(0.4)	(0.3)	(0.2)	(0.5)	(0.5)	—
Gain (or Loss) During Year from Selected Experience	<u>\$ (2.3)</u>	<u>\$ 8.0</u>	<u>\$ 10.2</u>	<u>\$ (3.0)</u>	<u>\$ (6.2)</u>	<u>\$ 23.6</u>

*Actuarial value of assets
Source: Washington State Office of the State Actuary

Schedule of Funding Progress

Schedule of Funding Progress: PERS Plan 1						
Dollars in Millions						
	2013	2012	2011	2010	2009	2008
Actuarial Valuation Date	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08
Actuarial Value of Plan Assets	\$8,053	\$8,521	\$8,883	\$9,293	\$9,776	\$9,853
Actuarial Accrued Liability	\$12,874	\$12,360	\$12,571	\$12,538	\$13,984	\$13,901
Unfunded Actuarial Liability	\$4,821	\$3,839	\$3,688	\$3,245	\$4,209	\$4,048
Funded Ratio	63%	69%	71%	74%	70%	71%
Covered Payroll	\$318	\$371	\$432	\$507	\$580	\$638
Unfunded Actuarial Liability as a Percentage of Covered Payroll	1,517%	1,035%	854%	640%	725%	634%

Schedule of Funding Progress: PERS Plan 2/3						
Dollars in Millions						
	2013	2012	2011	2010	2009	2008
Actuarial Valuation Date	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08
Actuarial Value of Plan Assets	\$24,335	\$22,653	\$20,997	\$19,474	\$18,260	\$16,693
Actuarial Accrued Liability	\$26,540	\$22,780	\$21,627	\$20,029	\$18,398	\$16,508
Unfunded Actuarial Liability	\$2,205	\$127	\$630	\$555	\$137	\$(185)
Funded Ratio	92%	99%	97%	97%	99%	101%
Covered Payroll	\$8,339	\$8,193	\$8,148	\$8,206	\$8,132	\$7,869
Unfunded Actuarial Liability as a Percentage of Covered Payroll	26%	2%	8%	7%	2%	(2)%

Schedule of Funding Progress: SERS Plan 2/3						
Dollars in Millions						
	2013	2012	2011	2010	2009	2008
Actuarial Valuation Date	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08
Actuarial Value of Plan Assets	\$3,335	\$3,100	\$2,872	\$2,664	\$2,503	\$2,303
Actuarial Accrued Liability	\$3,581	\$3,103	\$2,956	\$2,706	\$2,493	\$2,207
Unfunded Actuarial Liability	\$247	\$3	\$84	\$41	\$(10)	\$(95)
Funded Ratio	93%	100%	97%	98%	100%	104%
Covered Payroll	\$1,514	\$1,479	\$1,490	\$1,475	\$1,467	\$1,379
Unfunded Actuarial Liability as a Percentage of Covered Payroll	16%	0%	6%	3%	(1)%	(7)%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress (continued)

Schedule of Funding Progress: PSERS Plan 2						
Dollars in Millions						
	2013	2012	2011	2010	2009	2008
Actuarial Valuation Date	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08
Actuarial Value of Plan Assets	\$ 224	\$ 180	\$ 141	\$ 103	\$ 69	\$ 39
Actuarial Accrued Liability	\$ 218	\$ 159	\$ 126	\$ 94	\$ 64	\$ 37
Unfunded Actuarial Liability	\$ (7)	\$ (22)	\$ (14)	\$ (9)	\$ (5)	\$ (2)
Funded Ratio	103%	114%	111%	109%	108%	106%
Covered Payroll	\$ 253	\$ 238	\$ 233	\$ 227	\$ 223	\$ 200
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(3)%	(9)%	(6)%	(4)%	(2)%	(1)%

Schedule of Funding Progress: TRS Plan 1						
Dollars in Millions						
	2013	2012	2011	2010	2009	2008
Actuarial Valuation Date	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08
Actuarial Value of Plan Assets	\$ 6,717	\$ 7,145	\$ 7,485	\$ 7,791	\$ 8,146	\$ 8,262
Actuarial Accrued Liability	\$ 9,429	\$ 9,038	\$ 9,232	\$ 9,201	\$ 10,820	\$ 10,754
Unfunded Actuarial Liability	\$ 2,712	\$ 1,894	\$ 1,747	\$ 1,410	\$ 2,674	\$ 2,492
Funded Ratio	71%	79%	81%	85%	75%	77%
Covered Payroll	\$ 183	\$ 228	\$ 284	\$ 344	\$ 389	\$ 432
Unfunded Actuarial Liability as a Percentage of Covered Payroll	1,481%	829%	615%	410%	688%	576%

Schedule of Funding Progress: TRS Plan 2/3						
Dollars in Millions						
	2013	2012	2011	2010	2009	2008
Actuarial Valuation Date	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08
Actuarial Value of Plan Assets	\$ 8,406	\$ 7,758	\$ 7,141	\$ 6,593	\$ 6,160	\$ 5,681
Actuarial Accrued Liability	\$ 8,794	\$ 7,478	\$ 7,194	\$ 6,558	\$ 6,048	\$ 5,264
Unfunded Actuarial Liability	\$ 388	\$ (280)	\$ 53	\$ (36)	\$ (112)	\$ (417)
Funded Ratio	96%	104%	99%	101%	102%	108%
Covered Payroll	\$ 4,223	\$ 4,077	\$ 4,085	\$ 3,966	\$ 3,957	\$ 3,621
Unfunded Actuarial Liability as a Percentage of Covered Payroll	9%	(7)%	1%	(1)%	(3)%	(12)%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: LEOFF Plan 1

Dollars in Millions

	2013	2012	2011	2010	2009	2008
Actuarial Valuation Date	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08
Actuarial Value of Plan Assets	\$5,516	\$5,562	\$5,565	\$5,561	\$5,612	\$5,592
Actuarial Accrued Liability	\$4,409	\$4,120	\$4,145	\$4,393	\$4,492	\$4,368
Unfunded Actuarial Liability	\$(1,108)	\$(1,441)	\$(1,421)	\$(1,168)	\$(1,120)	\$(1,225)
Funded Ratio	125%	135%	134%	127%	125%	128%
Covered Payroll	\$15	\$19	\$25	\$29	\$33	\$37
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(7,496)%	(7,685)%	(5,794)%	(4,012)%	(3,360)%	(3,303)%

Schedule of Funding Progress: LEOFF Plan 2

Dollars in Millions

	2013	2012	2011	2010	2009	2008
Actuarial Valuation Date	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08
Actuarial Value of Plan Assets	\$7,862	\$7,222	\$6,621	\$6,043	\$5,564	\$5,053
Actuarial Accrued Liability	\$7,220	\$6,353	\$5,941	\$5,164	\$4,641	\$3,998
Unfunded Actuarial Liability	\$(643)	\$(869)	\$(679)	\$(879)	\$(923)	\$(1,054)
Funded Ratio	109%	114%	111%	117%	120%	126%
Covered Payroll	\$1,597	\$1,560	\$1,535	\$1,490	\$1,442	\$1,345
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(40)%	(56)%	(44)%	(59)%	(64)%	(78)%

Schedule of Funding Progress: WSPRS Plan 1/2

Dollars in Millions

	2013	2012	2011	2010	2009	2008
Actuarial Valuation Date	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08
Actuarial Value of Plan Assets	\$1,009	\$982	\$949	\$920	\$900	\$870
Actuarial Accrued Liability	\$987	\$884	\$859	\$812	\$790	\$745
Unfunded Actuarial Liability	\$(22)	\$(97)	\$(90)	\$(107)	\$(110)	\$(124)
Funded Ratio	102%	111%	110%	113%	114%	117%
Covered Payroll	\$80	\$80	\$82	\$83	\$83	\$79
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(28)%	(121)%	(111)%	(130)%	(133)%	(158)%

Schedule of Funding Progress (continued)

Schedule of Funding Progress: JRS						
Dollars in Millions						
	2013	2012	2011	2010	2009	2008
Actuarial Valuation Date	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08
Actuarial Value of Plan Assets	\$ 4	\$ 3	\$ 5	\$ 4	\$ 2	\$ 1
Actuarial Accrued Liability	\$ 108	\$ 104	\$ 109	\$ 84	\$ 89	\$ 92
Unfunded Actuarial Liability	\$ 104	\$ 101	\$ 104	\$ 80	\$ 87	\$ 91
Funded Ratio	4%	3%	5%	5%	2%	1%
Covered Payroll	\$—	\$0.3	\$0.5	\$0.7	\$0.9	\$ 1.3
Unfunded Actuarial Liability as a Percentage of Covered Payroll	n/a	33,779%	22,574%	11,565%	9,216%	7,141%

Schedule of Funding Progress: Judges						
Dollars in Millions						
	2013	2012	2011	2010	2009	2008
Actuarial Valuation Date	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08
Actuarial Value of Plan Assets	\$ 1.4	\$ 1.9	\$ 2.3	\$ 2.8	\$ 3.3	\$ 3.6
Actuarial Accrued Liability	\$ 3.5	\$ 3.6	\$ 3.9	\$ 3.2	\$ 3.4	\$ 3.5
Unfunded Actuarial Liability	\$ 2.1	\$ 1.7	\$ 1.5	\$ 0.4	\$ 0.1	\$ (0.1)
Funded Ratio	40%	52%	61%	87%	97%	104%
Covered Payroll	\$—	\$—	\$—	\$—	\$—	\$—
Unfunded Actuarial Liability as a Percentage of Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a

Source: Washington State Office of the State Actuary

Note on PERS Plan 2/3, SERS Plan 2/3, PSERS Plan 2, TRS Plan 2/3, LEOFF Plan 2 and WSPRS Plan 1/2: These plans all use the Aggregate actuarial cost method which does not identify or separately amortize unfunded actuarial accrued liabilities. For this reason, the information about funded status and funding progress shown above for these plans has been prepared using the Entry Age Actuarial Cost method and is intended to serve as a surrogate for the funded status and funding progress information of these plans, as required by GASB 50.

Note for all plan schedules: Liability amounts and ratios/percentages are based on actual not rounded figures.

Funded Status and Funding Progress

Funded Status and Funding Progress

The funded status of each plan as of June 30, 2013, the most recent actuarial valuation date

Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
PERS 1	\$8,053.1	\$12,873.9	\$4,820.8	63%	\$317.8	1,517%
PERS 2/3*	24,334.6	26,539.5	2,204.9	92%	8,339.2	26%
TRS 1	6,717.1	9,429.3	2,712.1	71%	183.2	1,481%
TRS 2/3*	8,406.1	8,793.7	387.6	96%	4,222.9	9%
SERS 2/3*	3,334.6	3,581.4	246.7	93%	1,514.2	16%
LEOFF 1	5,516.4	4,408.6	(1,107.9)	125%	14.8	(7,496)%
LEOFF 2*	7,862.3	7,219.5	(642.8)	109%	1,596.8	(40)%
PSERS 2*	224.2	217.6	(6.6)	103%	253.1	(3)%
WSPRS 1/2*	1,009.4	987.0	(22.3)	102%	80.1	(28)%
JRS	3.9	108.2	104.3	4%	—	n/a
Judges	1.4	3.5	2.1	40%	—	n/a

* These plans use the Aggregate actuarial cost method which does not separately amortize UAAL outside the normal cost. Therefore, as required by GASB 50, the Entry Age cost method was used to determine the UAAL. This method is intended to serve as a surrogate for the funded status and funding progress of these plans.

Note: Totals may not agree due to rounding. Percentages are calculated using unrounded totals.

Source: Washington State Office of the State Actuary

The Schedules of Funding Progress in the Actuarial Section present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional Information for the Defined Benefit Plans

Additional Information for the Defined Benefit Plans As of the Latest Valuation Shown Below – Part 1 of 2					
	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3	SERS Plan 2/3
Valuation – Date	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013
Actuarial Cost Method	entry age normal ¹	aggregate ²	entry age normal ¹	aggregate ²	aggregate ²
Amortization Method					
Funding	level % ⁴	n/a	level % ⁴	n/a	n/a
GASB	level\$	n/a	level\$	n/a	n/a
Remaining amortization years (closed)	10-year rolling	n/a	10-year rolling	n/a	n/a
Remaining amortization period (closed)	n/a	n/a	n/a	n/a	n/a
Asset Valuation Method	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵
Actuarial Assumptions					
Investment Rate of Return ⁷	7.80%	7.80%	7.80%	7.80%	7.80%
Projected Salary Increases					
Salary Inflation at 3.75%, Plus the Merit Increases Described Below:					
Initial Salary Merit (Grades Down to 0%)	6.0%	6.0%	5.1%	5.1%	6.6%
Merit Period (Years of Service)	17 yrs	17 yrs	25 yrs	25 yrs	20 yrs
Includes Inflation at (percentage)	n/a	3.00%	n/a	3.00%	3.00%
Cost of Living Adjustments	Minimum COLA ⁶	CPI increase, maximum 3%	Minimum COLA ⁶	CPI increase, maximum 3%	CPI increase, maximum 3%

¹ PERS and TRS Plans 1 use a variation of the Entry Age cost method, whereas LEOFF 1 uses a variation of the Frozen Initial Liability (FIL) cost method.

² The aggregate cost method does not identify or separately amortize unfunded actuarial accrued liabilities.

³ Pay As You Go basis for funding.

⁴ Level percent of system payroll, including assumed system growth.

⁵ Asset Valuation Method– 8 Year Smoothed Fair Value

The actuarial value of assets is calculated under an adjusted market value method by starting with the market value of assets. For subsequent years the actuarial value of assets is determined by adjusting the market value of assets to reflect the difference between the actual investment return and the expected investment return during each of the last 8 years or, if fewer, the completed years since adoption, at the following rates per year (annual recognition):

Annual Gain/Loss		
Rate of Return	Smoothing Period	Annual Recognition
14.9% and up	8 years	12.50%
13.9-14.9%	7 years	14.29%
12.9-13.9%	6 years	16.67%
11.9-12.9%	5 years	20.00%
10.9-11.9%	4 years	25.00%
9.9-10.9%	3 years	33.33%
8.9-9.9%	2 years	50.00%
6.9-8.9%	1 year	100.00%
5.9-6.9%	2 years	50.00%
4.9-5.9%	3 years	33.33%
3.9-4.9%	4 years	25.00%
2.9-3.9%	5 years	20.00%
1.9-2.9%	6 years	16.67%
0.9-1.9%	7 years	14.29%
0.9% and lower	8 years	12.50%

Source: Washington State Office of the State Actuary

Additional Information for the Defined Benefit Plans
As of the Latest Valuation Shown Below – Part 2 of 2

PSERS Plan 2	LEOFF Plan 1	LEOFF Plan 2	WSPRS Plan 1/2	Judicial	Judges
6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013
aggregate ²	frozen initial liability ¹	aggregate ²	aggregate ²	entry age ³	entry age ³
n/a	level % ⁴	n/a	n/a	n/a	n/a
n/a	level\$	n/a	n/a	level\$	level\$
n/a	11.00	n/a	n/a	5-year rolling	5-year rolling
n/a	6/30/2024	n/a	n/a	n/a	n/a
8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	market	market
7.80%	7.80%	7.50%	7.80%	4.00%	4.00%
6.0%	10.7%	10.7%	8.5%	0.0%	0.0%
17 yrs	25 yrs	25 yrs	27 yrs	n/a	n/a
3.00% CPI increase, maximum 3%	3.00% CPI increase	3.00% CPI increase, maximum 3%	3.00% CPI increase, maximum 3%	3.00% CPI increase, maximum 3%	3.00% none

⁶The PERS 1 and TRS 1 COLA

Qualifying retirees receive an increase in their monthly benefit once a year. The COLA on minimum benefit levels is calculated as the last unrounded COLA amount increased by 3%, rounded to the nearest penny. These are some historical monthly COLA amounts per year of service:

**Historical Monthly COLA
Amounts per Year of Service**

Date	COLA Type	Amount
7/1/2009	Uniform	\$1.83
7/1/2010	Uniform	\$1.88
7/1/2011	Minimum	\$1.94
7/1/2012	Minimum	\$2.00
7/1/2013	Minimum	\$2.06
7/1/2014	Minimum	\$2.12

⁷The Legislature prescribes the assumed rate of investment return for all plans except Judicial and Judges.

Required Contribution Rates

Required Contribution Rates						
Expressed as a percentage of current-year covered payroll at the close of Fiscal Year 2014						
	Employer Actual Contribution Rates			Employee Actual Contribution Rates		
	Plan 1	Plan 2	Plan 3	Plan 1	Plan 2	Plan 3
PERS						
Members Not Participating in JBM						
State agencies*	9.21%	9.21%	9.21%**	6.00%	4.92%	***
Local governmental units*	9.21%	9.21%	9.21%**	6.00%	4.92%	***
State government elected officials*	13.73%	9.21%	9.21%**	7.50%	4.92%	***
Members Participating in JBM						
State agencies*	11.71%	11.71%	11.71%**	9.76%	9.80%	7.50%****
Local governmental units*	9.21%	9.21%	9.21%**	12.26%	12.30%	7.50%****
SERS						
State agencies*	n/a	9.82%	9.82%**	n/a	4.64%	***
Local governmental units*	n/a	9.82%	9.82%**	n/a	4.64%	***
PSERS						
State agencies*	n/a	10.54%	n/a	n/a	6.36%	n/a
Local governmental units*	n/a	10.54%	n/a	n/a	6.36%	n/a
TRS						
Members Not Participating in JBM						
State agencies*	10.39%	10.39%	10.39%**	6.00%	4.96%	***
Local governmental units*	10.39%	10.39%	10.39%**	6.00%	4.96%	***
State government elected officials*	10.39%	10.39%	10.39%**	7.50%	4.96%	***
Members Participating in JBM						
State agencies*	10.39%	n/a	n/a	9.76%	n/a	n/a
LEOFF						
Local governmental units*	0.18%	5.23%	n/a	n/a	8.41%	n/a
Ports and universities*	n/a	8.59%	n/a	n/a	8.41%	n/a
State of Washington	n/a	3.36%	n/a	n/a	n/a	n/a
WSPRS						
State agencies*	8.09%	8.09%	n/a	6.59%	6.59%	n/a

* Employer rates include an administrative expense rate of 0.18%
 ** Plan 3 defined benefit portion only
 *** Variable from 5% to 15% based on rate selected by the member
 **** Minimum rate

Schedule of Contributions from Employers and Other Contributing Entities

Schedule of Contributions from Employers and Other Contributing Entities						
The Following Schedule Covers the Fiscal Years Ended 2009-2014 – Dollars in Millions						
	Annual Required Contribution*					
	2014	2013	2012	2011	2010	2009
PERS Plan 1	\$670.9	\$534.2	\$508.0	\$439.3	\$627.8	\$620.2
PERS Plan 2/3	612.0	408.3	407.7	408.6	383.1	369.7
SERS Plan 2/3	124.5	86.6	85.2	88.6	82.3	71.5
PSERS 2	18.6	15.1	14.7	14.7	14.8	14.3
TRS Plan 1	388.6	275.4	254.0	205.9	406.1	391.0
TRS Plan 2/3	335.4	231.6	232.2	232.3	221.1	186.9
LEOFF Plan 1	0.0	0.0	0.0	0.0	0.0	0.0
LEOFF Plan 2	116.9	94.7	97.3	84.0	112.2	105.3
WSPRS Plan 1/2	7.3	2.5	2.9	2.3	6.6	5.0
JRS	22.5	21.7	22.6	18.6	20.4	21.2
Judges	0.5	0.4	0.3	0.1	0.0	0.0

	Percentage Contributed					
	2014	2013	2012	2011	2010	2009
PERS Plan 1	67%	50%	51%	33%	25%	52%
PERS Plan 2/3	70%	95%	94%	80%	85%	119%
SERS Plan 2/3	71%	91%	88%	70%	75%	89%
PSERS 2	92%	104%	104%	106%	103%	101%
TRS Plan 1	52%	43%	44%	47%	28%	46%
TRS Plan 2/3	74%	99%	92%	72%	75%	86%
LEOFF Plan 1	n/a	n/a	n/a	n/a	n/a	n/a
LEOFF Plan 2	121%	144%	137%	157%	114%	122%
WSPRS Plan 1/2	90%	260%	224%	228%	80%	127%
JRS	47%	47%	36%	59%	57%	49%
Judges	n/a	n/a	n/a	n/a	n/a	n/a

*The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from the methods used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation), and different actuarial cost methods. For these reasons, the actual contributions will not match the Annual Required Contributions. Starting in 2009, we calculated the ARC for PERS and TRS Plans 1 under the Entry Age Normal Cost method with a rolling 10-year amortization (excluding the temporary rate ceilings). Starting in 2011, the calculation of the ARC reflects the underlying actuarial cost method (excluding minimum contribution rates).

Source: Washington State Office of the State Actuary

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Statistical Section

This part of the Department of Retirement Systems' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about DRS' overall financial health.

Contents

Financial Trends 176

These schedules contain trend information to help the reader understand how DRS' financial performance and well-being have changed over time.

Demographic Information 192

These schedules contain demographic and historical information regarding membership and employer participation in the pension plans offered by DRS

Operating Information 210

These schedules contain detailed payment information to enhance the reader's understanding of the benefit services provided by DRS.

Deferred Compensation Information 238

These schedules contain comprehensive information to enhance the reader's understanding of this optional program.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule of Changes in Fiduciary Net Position

Schedule of Changes in Fiduciary Net Position: PERS Plan I											
Dollars in Thousands											
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	
Additions by Source											
Employer Contributions	\$ 448,895	\$ 266,270	\$ 257,197	\$ 145,585	\$ 154,023	\$ 325,248	\$ 221,787	\$ 118,660	\$ 29,601	\$ 22,360	
Employee Contributions	18,797	21,362	24,317	28,767	33,152	37,791	41,925	44,775	48,457	52,246	
Investment Income (Loss) ¹	1,312,000	863,182	86,377	1,523,415	980,360	(2,373,373)	(114,595)	2,086,563	1,534,382	1,163,797	
Transfers	36	38	97	90	1	1	343	519	68	242	
Miscellaneous ²	12,189	12,024	10,269	12,705	11,566	10,700	13,262	9,513	7,719	10,048	
Total Additions	1,791,917	1,162,876	378,257	1,710,562	1,179,102	(1,999,633)	162,722	2,260,030	1,620,227	1,248,693	
Deductions by Type											
Benefits	1,189,496	1,181,380	1,173,683	1,149,522	1,111,386	1,070,929	1,027,934	978,995	929,423	880,874	
Refunds	4,219	3,998	4,554	3,470	4,946	5,071	5,573	6,215	6,553	5,143	
Transfers	–	710	265	362	140	2,021	159	31	369	966	
Administrative Expenses	3,016	4,773	3,522	3,213	3,885	4,401	4,739	4,763	4,754	4,903	
Total Deductions	1,196,731	1,190,861	1,182,024	1,156,567	1,120,357	1,082,422	1,038,405	990,004	941,099	891,886	
Total Changes in Fiduciary Net Position	\$ 595,186	\$ (27,985)	\$ (803,767)	\$ 553,995	\$ 58,745	\$ (3,082,055)	\$ (875,683)	\$ 1,270,026	\$ 679,128	\$ 356,807	
Fiduciary Net Position											
Beginning of Year	7,348,729	7,376,714	8,180,481	7,626,486	7,567,741	10,649,796	11,525,479	10,255,453	9,576,325	9,219,518	
End of Year	\$ 7,943,915	\$ 7,348,729	\$ 7,376,714	\$ 8,180,481	\$ 7,626,486	\$ 7,567,741	\$ 10,649,796	\$ 11,525,479	\$ 10,255,453	\$ 9,576,325	
Employer Contributions: % of Covered Payroll	145.0%	75.5%	64.4%	29.5%	26.9%	49.7%	31.1%	15.6%	3.6%	2.5%	

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Fiduciary Net Position: PERS Plan 2/3

Dollars in Thousands

	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ 430,345	\$ 389,020	\$ 385,253	\$ 328,258	\$ 327,460	\$ 439,744	\$ 318,740	\$ 242,544	\$ 149,579	\$ 74,720
Employee Contributions	346,270	315,755	310,160	263,885	264,231	368,127	268,573	207,144	127,800	63,806
Investment Income (Loss) ¹	4,444,937	2,556,131	284,681	3,468,458	1,868,154	(4,058,631)	(224,724)	3,054,707	2,020,702	1,415,136
Transfers	141	293	270	4,036	11,611	722	316	292	239	254
Miscellaneous ²	32,830	29,922	24,765	26,818	15,749	14,157	17,245	11,825	10,655	9,609
Total Additions	5,254,523	3,291,121	1,005,129	4,091,455	2,487,205	(3,235,881)	380,150	3,516,512	2,308,975	1,563,525
Deductions by Type										
Benefits	565,660	460,074	376,999	310,943	251,765	207,319	170,317	143,802	121,096	102,742
Refunds	35,202	35,679	35,716	33,686	31,425	26,442	26,574	26,465	26,476	24,086
Transfers	2,441	5,538	2,180	8,528	5,407	8,903	70,935	3,904	4,296	4,718
Administrative Expenses	9,977	10,560	9,082	8,325	8,643	8,277	9,889	7,344	6,599	5,960
Total Deductions	613,280	511,851	423,977	361,482	297,240	250,941	277,715	181,515	158,467	137,506
Total Changes in Fiduciary Net Position	\$ 4,641,243	\$ 2,779,270	\$ 581,152	\$ 3,729,973	\$ 2,189,965	\$ (3,486,822)	\$ 102,435	\$ 3,334,997	\$ 2,150,508	\$ 1,426,019
Fiduciary Net Position										
Beginning of Year	23,459,058	20,679,788	20,098,636	16,368,663	14,178,698	17,665,520	17,563,085	14,228,088	12,077,580	10,651,561
End of Year	\$ 28,100,301	\$ 23,459,058	\$ 20,679,788	\$ 20,098,636	\$ 16,368,663	\$ 14,178,698	\$ 17,565,520	\$ 17,563,085	\$ 14,228,088	\$ 12,077,580
Employer Contributions: % of Covered Payroll	6.1%	5.8%	5.8%	4.0%	4.0%	5.4%	4.1%	3.5%	2.2%	1.2%

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Fiduciary Net Position

Schedule of Changes in Fiduciary Net Position: PERS Plan 3 Dollars in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Employee Contributions	105,183	99,007	95,172	94,129	92,665	90,808	82,707	71,712	64,776	59,029
Investment Income (Loss) ¹	338,668	202,907	5,375	279,224	135,026	(277,949)	(46,281)	208,475	127,023	82,859
Transfers	1,871	1,539	1,432	1,546	4,926	2,095	68,408	1,572	1,213	1,337
Miscellaneous ²	251	248	259	246	197	199	201	231	219	500
Total Additions	445,973	303,701	102,238	375,145	232,814	(184,847)	105,035	281,990	193,231	143,725
Deductions by Type										
Benefits	1,435	697	322	164	80	51	23	—	—	—
Refunds	81,924	68,671	66,245	59,143	41,723	40,202	38,291	35,254	35,539	25,533
Transfers	326	428	338	612	4,926	429	261	439	239	162
Administrative Expenses	251	248	258	246	197	199	201	231	220	500
Total Deductions	83,936	70,044	67,163	60,165	46,926	40,881	38,776	35,924	35,998	26,195
Total Changes in Fiduciary Net Position	\$ 362,037	\$ 233,657	\$ 35,075	\$ 314,980	\$ 185,888	\$ (225,728)	\$ 66,259	\$ 246,066	\$ 157,233	\$ 117,530
Fiduciary Net Position										
Beginning of Year	1,958,084	1,724,427	1,689,352	1,374,372	1,188,484	1,414,212	1,347,953	1,101,887	944,654	827,124
End of Year	\$ 2,320,121	\$ 1,958,084	\$ 1,724,427	\$ 1,689,352	\$ 1,374,372	\$ 1,188,484	\$ 1,414,212	\$ 1,347,953	\$ 1,101,887	\$ 944,654
Employer Contributions: % of Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Employer contributions for PERS Plan 3 are reported in the PERS Plan 2/3 schedule.

Schedule of Changes in Fiduciary Net Position: SERS Plan 2/3

Dollars in Thousands

	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ 88,783	\$ 78,400	\$ 74,640	\$ 62,316	\$ 62,090	\$ 63,526	\$ 52,139	\$ 45,950	\$ 30,419	\$ 10,160
Employee Contributions	31,305	26,018	24,095	19,247	20,105	26,062	20,726	17,371	11,818	4,166
Investment Income (Loss) ¹	607,984	348,956	38,452	473,113	255,525	(560,165)	(29,922)	435,696	287,224	201,723
Transfers	42	6	11	413	431	2,050	2,118	1,998	2,589	1,959
Miscellaneous ²	2,334	782	1,635	1,719	1,521	1,517	1,398	1,301	1,313	1,316
Total Additions	730,448	454,162	138,833	556,808	339,672	(467,010)	46,459	502,316	333,363	219,324
Deductions by Type										
Benefits	81,216	66,426	53,630	43,338	34,449	28,307	22,627	17,641	13,500	10,114
Refunds	2,732	2,655	2,516	2,492	2,125	2,125	2,045	2,516	2,477	2,191
Transfers	504	330	454	423	8,141	956	89,481	275	434	568
Administrative Expenses	1,543	137	1,403	1,484	1,384	1,327	1,267	1,124	1,069	990
Total Deductions	85,995	69,548	58,003	47,737	46,099	32,715	115,420	21,556	17,480	13,863
Total Changes in Fiduciary Net Position	\$ 644,453	\$ 384,614	\$ 80,830	\$ 509,071	\$ 293,573	\$ (499,725)	\$ (68,961)	\$ 480,760	\$ 315,883	\$ 205,461
Fiduciary Net Position										
Beginning of Year	3,211,900	2,827,286	2,746,456	2,237,385	1,943,812	2,443,537	2,512,498	2,031,738	1,715,855	1,510,394
End of Year	\$ 3,856,353	\$ 3,211,900	\$ 2,827,286	\$ 2,746,456	\$ 2,237,385	\$ 1,943,812	\$ 2,443,537	\$ 2,512,498	\$ 2,031,738	\$ 1,715,855
Employer Contributions: % of Covered Payroll	12.9%	12.1%	12.2%	3.8%	3.8%	4.0%	3.4%	3.3%	2.3%	0.8%

¹Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Fiduciary Net Position

Schedule of Changes in Fiduciary Net Position: SERS Plan 3 Dollars in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Employee Contributions	60,766	59,257	59,021	60,313	60,328	59,422	58,381	54,175	49,767	46,738
Investment Income (Loss) ¹	245,336	147,193	10,372	209,367	108,480	(230,415)	(27,970)	169,969	105,308	69,954
Transfers	682	466	407	500	445	455	89,449	239	334	290
Miscellaneous ²	227	230	245	238	193	196	202	225	213	175
Total Additions	307,011	207,146	70,045	270,418	169,446	(170,342)	120,062	224,608	155,622	117,157
Deductions by Type										
Benefits	854	463	302	182	91	62	8	—	—	—
Refunds	73,826	65,643	60,929	53,242	33,916	42,041	39,815	32,077	24,946	21,478
Transfers	302	190	163	597	416	520	183	289	121	148
Administrative Expenses	227	230	245	237	193	195	202	225	212	175
Total Deductions	75,209	66,526	61,639	54,258	34,616	42,818	40,208	32,591	25,279	21,801
Total Changes in Fiduciary Net Position	\$ 231,802	\$ 140,620	\$ 8,406	\$ 216,160	\$ 134,830	\$ (213,160)	\$ 79,854	\$ 192,017	\$ 130,343	\$ 95,356
Fiduciary Net Position										
Beginning of Year	1,418,468	1,277,848	1,269,442	1,053,282	918,452	1,131,612	1,051,758	859,741	729,398	634,042
End of Year	\$ 1,650,270	\$ 1,418,468	\$ 1,277,848	\$ 1,269,442	\$ 1,053,282	\$ 918,452	\$ 1,131,612	\$ 1,051,758	\$ 859,741	\$ 729,398
Employer Contributions: % of Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Employer contributions for SERS Plan 3 are reported in the SERS Plan 2/3 schedule.

Schedule of Changes in Fiduciary Net Position: PSERS Plan 2

Dollars in Thousands

	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06 ³	6/30/05 ³
Additions by Source										
Employer Contributions	\$ 17,124	\$ 15,650	\$ 15,285	\$ 15,591	\$ 15,238	\$ 14,510	\$ 11,700	\$ 6,612	\$ -	\$ -
Employee Contributions	17,344	15,798	15,228	15,353	15,213	14,557	11,740	6,664	-	-
Investment Income (Loss) ¹	45,144	22,468	2,778	21,255	7,358	(9,383)	(765)	813	-	-
Transfers	5	4	8	5	32	-	3	-	-	-
Miscellaneous ²	212	81	141	124	45	30	14	6	-	-
Total Additions	79,829	54,001	33,440	52,328	37,886	19,714	22,692	14,095	-	-
Deductions by Type										
Benefits	256	148	70	35	17	5	-	-	-	-
Refunds	2,194	2,186	1,921	1,780	928	466	152	23	-	-
Transfers	-	4	6	3	2	3	2	-	-	-
Administrative Expenses	104	1	70	82	50	40	26	27	-	-
Total Deductions	2,554	2,339	2,067	1,900	997	514	180	50	-	-
Total Changes in Fiduciary Net Position	\$ 77,275	\$ 51,662	\$ 31,373	\$ 50,428	\$ 36,889	\$ 19,200	\$ 22,512	\$ 14,045	\$ -	\$ -
Fiduciary Net Position										
Beginning of Year	226,109	174,447	143,074	92,646	55,757	36,557	14,045	-	-	-
End of Year	\$ 303,384	\$ 226,109	\$ 174,447	\$ 143,074	\$ 92,646	\$ 55,757	\$ 36,557	\$ 14,045	\$ -	\$ -
Employer Contributions: % of Covered Payroll	6.3%	6.3%	6.5%	6.7%	6.5%	6.5%	6.5%	6.5%	n/a	n/a

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Miscellaneous additions include restorations of employee contributions.

³ PSERS Plan 2 became effective July 1, 2006.

Schedule of Changes in Fiduciary Net Position

Schedule of Changes in Fiduciary Net Position: TRS Plan 1 Dollars in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ 200,674	\$ 118,569	\$ 111,937	\$ 96,803	\$ 112,731	\$ 178,850	\$ 113,089	\$ 60,462	\$ 15,077	\$ 8,793
Employee Contributions	9,039	11,369	14,098	17,631	20,930	23,810	26,480	29,995	33,790	38,087
Investment Income (Loss) ¹	1,079,807	720,704	73,203	1,279,513	813,504	(1,979,081)	(93,982)	1,762,480	1,292,574	981,556
Transfers	51	—	38	1	5	27	5	84	78	168
Miscellaneous ²	7,956	8,207	6,228	10,792	6,827	7,011	7,870	8,546	8,941	8,607
Total Additions	1,297,527	858,849	205,504	1,404,740	953,997	(1,769,383)	53,462	1,861,567	1,350,460	1,037,211
Deductions by Type										
Benefits	925,975	914,610	913,864	899,819	859,250	850,262	844,986	802,344	763,613	741,118
Refunds	2,262	1,989	1,552	1,820	1,504	1,260	1,000	1,878	1,042	1,180
Transfers	—	578	223	159	118	1,449	82	3	314	817
Administrative Expenses	2,195	3,965	2,699	2,686	3,125	3,266	3,646	3,752	3,790	3,894
Total Deductions	930,432	921,142	918,338	904,484	863,997	856,237	849,714	807,977	768,759	747,009
Total Changes in Fiduciary Net Position	\$ 367,095	\$ (62,293)	\$ (712,834)	\$ 500,256	\$ 90,000	\$ (2,625,620)	\$ (796,252)	\$ 1,053,590	\$ 581,701	\$ 290,202
Fiduciary Net Position										
Beginning of Year	6,129,190	6,191,483	6,904,317	6,404,061	6,314,061	8,939,681	9,735,933	8,682,343	8,100,642	7,810,440
End of Year	\$ 6,496,285	\$ 6,129,190	\$ 6,191,483	\$ 6,904,317	\$ 6,404,061	\$ 6,314,061	\$ 8,939,681	\$ 9,735,933	\$ 8,682,343	\$ 8,100,642
Employer Contributions: % of Covered Payroll	135.2%	61.6%	47.7%	27.7%	26.9%	37.3%	21.5%	10.3%	2.3%	1.2%

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Fiduciary Net Position: TRS Plan 2/3

Dollars in Thousands

	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ 249,342	\$ 228,974	\$ 213,852	\$ 168,264	\$ 164,959	\$ 160,793	\$ 109,523	\$ 102,180	\$ 75,353	\$ 33,767
Employee Contributions	41,081	34,494	29,829	21,881	21,126	23,277	14,739	12,227	8,990	3,549
Investment Income (Loss) ¹	1,539,901	877,562	96,411	1,175,293	629,396	(1,383,054)	(73,457)	1,078,134	712,495	500,432
Transfers	45	34	16	850	724	547	339	201	261	500
Miscellaneous ²	8,260	4,178	5,476	5,416	4,551	4,429	4,432	3,951	3,385	3,827
Total Additions	1,838,629	1,145,242	345,584	1,371,704	820,756	(1,194,008)	55,576	1,196,693	800,484	542,075
Deductions by Type										
Benefits	149,522	116,662	91,400	72,138	55,654	44,795	36,016	28,534	22,351	17,118
Refunds	1,988	2,914	2,169	2,281	2,868	2,189	2,190	2,726	2,399	3,110
Transfers	445	858	652	390	369	2,670	168,866	440	963	1,278
Administrative Expenses	4,585	2,830	4,020	4,273	3,932	3,824	3,629	3,067	2,781	3,027
Total Deductions	156,540	123,264	98,241	79,082	62,823	53,478	210,701	34,767	28,494	24,533
Total Changes in Fiduciary Net Position	\$ 1,682,089	\$ 1,021,978	\$ 247,343	\$ 1,292,622	\$ 757,933	\$ (1,247,486)	\$ (155,125)	\$ 1,161,926	\$ 771,990	\$ 517,542
Fiduciary Net Position										
Beginning of Year	8,109,224	7,087,246	6,839,903	5,547,281	4,789,348	6,036,834	6,191,959	5,030,033	4,258,043	3,740,501
End of Year	\$ 9,791,313	\$ 8,109,224	\$ 7,087,246	\$ 6,839,903	\$ 5,547,281	\$ 4,789,348	\$ 6,036,834	\$ 6,191,959	\$ 5,030,033	\$ 4,258,043
Employer Contributions: % of Covered Payroll	29.8%	30.9%	32.0%	4.0%	4.1%	4.1%	3.0%	3.0%	2.4%	1.1%

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Fiduciary Net Position

Schedule of Changes in Fiduciary Net Position: TRS Plan 3 Dollars in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Employee Contributions	273,656	262,293	255,867	257,718	254,197	247,891	234,661	213,878	195,910	183,645
Investment Income (Loss) ¹	1,044,040	627,742	34,065	866,178	424,811	(864,630)	(177,645)	630,495	371,615	241,093
Transfers	1,115	839	618	650	598	971	168,817	581	619	604
Miscellaneous ²	784	775	811	767	610	605	597	712	639	175
Total Additions	1,319,595	891,649	291,361	1,125,313	680,216	(615,163)	226,430	845,666	568,783	425,517
Deductions by Type										
Benefits	3,084	1,569	1,149	542	257	128	45	18	—	—
Refunds	235,635	176,052	150,404	115,571	71,665	76,166	84,776	62,810	41,908	35,582
Transfers	721	522	520	1,368	1,084	550	512	254	296	634
Administrative Expenses	784	775	811	767	610	605	597	712	639	175
Total Deductions	240,224	178,918	152,884	118,248	73,616	77,449	85,930	63,794	42,843	36,391
Total Changes in Fiduciary Net Position	\$ 1,079,371	\$ 712,731	\$ 138,477	\$ 1,007,065	\$ 606,600	\$ (692,612)	\$ 140,500	\$ 781,872	\$ 525,940	\$ 389,126
Fiduciary Net Position										
Beginning of Year	5,883,580	5,170,849	5,032,372	4,025,307	3,418,707	4,111,319	3,970,819	3,188,947	2,663,007	2,273,881
End of Year	\$ 6,962,951	\$ 5,883,580	\$ 5,170,849	\$ 5,032,372	\$ 4,025,307	\$ 3,418,707	\$ 4,111,319	\$ 3,970,819	\$ 3,188,947	\$ 2,663,007
Employer Contributions: % of Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Employer contributions for TRS Plan 3 are reported in the TRS Plans 2/3 schedule.

Schedule of Changes in Fiduciary Net Position: LEOFF Plan I

Dollars in Thousands

	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ 98	\$ 555	\$ 2	\$ 3	\$ 49	\$ 216	\$ 8	\$ 56	\$ 70	\$ 9
Employee Contributions	—	—	—	—	1	154	—	50	61	(2)
State Contributions	—	—	—	—	—	—	—	—	—	—
Investment Income (Loss) ¹	934,125	586,475	61,152	937,507	566,844	(1,353,904)	(68,055)	1,152,792	818,343	604,304
Transfers	—	—	—	—	112	173	—	—	102	—
Miscellaneous ²	2,931	4,300	3,393	3,130	3,913	2,658	3,185	3,109	2,736	2,651
Total Additions	937,154	591,330	64,547	940,640	570,919	(1,350,703)	(64,862)	1,156,007	821,312	606,962
Deductions by Type										
Benefits	355,740	351,796	343,438	338,775	338,231	327,033	313,530	300,452	288,209	279,957
Refunds	248	14	435	48	14	193	150	11	3	5
Transfers	—	484	176	331	83	998	56	2	201	526
Administrative Expenses	1,851	2,882	2,064	1,891	2,146	2,339	2,417	2,544	2,405	2,455
Total Deductions	357,839	355,176	346,113	341,045	340,474	330,563	316,153	303,009	290,818	282,943
Total Changes in Fiduciary Net Position	\$ 579,315	\$ 236,154	\$ (281,566)	\$ 599,595	\$ 230,445	\$ (1,681,266)	\$ (381,015)	\$ 852,998	\$ 530,494	\$ 324,019
Fiduciary Net Position										
Beginning of Year	5,140,541	4,904,387	5,185,953	4,586,358	4,355,913	6,037,179	6,418,194	5,565,196	5,034,702	4,710,683
End of Year	\$ 5,719,856	\$ 5,140,541	\$ 4,904,387	\$ 5,185,953	\$ 4,586,358	\$ 4,355,913	\$ 6,037,179	\$ 6,418,194	\$ 5,565,196	\$ 5,034,702
Employer Contributions: % of Covered Payroll	0.7%	3.4%	0.0%	0.0%	0.2%	0.5%	0.0%	0.1%	0.1%	0.0%

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Fiduciary Net Position

Schedule of Changes in Fiduciary Net Position: LEOFF Plan 2										
Dollars in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ 85,532	\$ 82,397	\$ 80,480	\$ 79,733	\$ 76,998	\$ 77,849	\$ 73,364	\$ 58,191	\$ 48,472	\$ 32,780
State Contributions	140,921	135,797	132,584	131,252	128,154	128,206	115,567	95,552	79,780	53,913
Employee Contributions	55,551	54,246	52,770	52,024	51,376	51,137	45,926	37,928	31,666	21,266
Investment Income (Loss) ¹	1,456,269	825,071	92,867	1,084,240	568,518	(1,223,154)	(70,257)	892,480	576,139	393,129
Transfers	265	1,833	10	2,936	1,010	1,218	117	—	1	17
Miscellaneous ²	13,496	9,351	9,220	7,754	7,447	4,466	2,987	3,905	4,273	2,440
Total Additions	1,752,034	1,108,695	367,931	1,357,939	833,503	(960,278)	167,704	1,088,056	740,331	503,545
Deductions by Type										
Benefits	124,921	100,532	78,153	61,876	46,158	36,615	27,505	20,813	14,433	8,978
Refunds	9,028	8,677	11,214	8,181	10,947	7,223	7,639	7,995	7,115	7,765
Transfers	24	226	282	147	205	1,146	49	32	250	331
Administrative Expenses	4,192	2,566	3,672	3,309	3,416	2,288	2,298	2,073	1,842	1,659
Total Deductions	138,165	112,001	93,321	73,513	60,726	47,272	37,491	30,913	23,640	18,733
Total Changes in Fiduciary Net Position	\$ 1,613,869	\$ 996,694	\$ 274,610	\$ 1,284,426	\$ 772,777	\$ (1,007,550)	\$ 130,213	\$ 1,057,143	\$ 716,691	\$ 484,812
Fiduciary Net Position										
Beginning of Year	7,637,387	6,640,693	6,366,083	5,081,657	4,308,880	5,316,430	5,186,217	4,129,074	3,412,383	2,927,571
End of Year	\$ 9,251,256	\$ 7,637,387	\$ 6,640,693	\$ 6,366,083	\$ 5,081,657	\$ 4,308,880	\$ 5,316,430	\$ 5,186,217	\$ 4,129,074	\$ 3,412,383
Employer Contributions: % of Covered Payroll	5.1%	5.1%	5.1%	5.2%	5.1%	5.3%	5.5%	4.8%	4.2%	3.1%

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Fiduciary Net Position: WSPRS Plan 1/2

Dollars in Thousands

	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ 6,587	\$ 6,478	\$ 6,454	\$ 5,251	\$ 5,271	\$ 6,371	\$ 6,064	\$ 3,278	\$ 3,133	\$ –
Employee Contributions	5,489	5,396	5,376	4,166	4,173	5,501	5,239	3,278	3,134	1,316
Investment Income (Loss) ¹	176,856	106,664	11,481	158,571	91,335	(210,676)	(10,992)	171,393	118,855	86,150
Transfers	510	574	54	415	10	331	89	163	8	98
Miscellaneous ²	1,467	1,692	2,010	1,385	1,399	500	478	385	409	381
Total Additions	190,909	120,804	25,375	169,788	102,188	(197,973)	878	178,497	125,539	87,945
Deductions by Type										
Benefits	47,143	43,521	40,368	38,387	36,116	34,522	32,963	31,393	30,666	27,606
Refunds	367	304	262	315	127	211	269	291	125	173
Transfers	–	88	32	22	14	160	8	–	29	70
Administrative Expenses	431	538	392	356	364	354	391	381	408	358
Total Deductions	47,941	44,451	41,054	39,080	36,621	35,247	33,631	32,065	31,228	28,207
Total Changes in Fiduciary Net Position	\$ 142,968	\$ 76,353	\$ (15,679)	\$ 130,708	\$ 65,567	\$ (233,220)	\$ (32,753)	\$ 146,432	\$ 94,311	\$ 59,738
Fiduciary Net Position										
Beginning of Year	955,573	879,220	894,899	764,191	698,624	931,844	964,597	818,165	723,854	664,116
End of Year	\$ 1,098,541	\$ 955,573	\$ 879,220	\$ 894,899	\$ 764,191	\$ 698,624	\$ 931,844	\$ 964,597	\$ 818,165	\$ 723,854
Employer Contributions: % of Covered Payroll	7.9%	7.9%	7.9%	6.4%	6.4%	7.7%	7.7%	4.5%	4.5%	0.0%

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Fiduciary Net Position

Schedule of Changes in Fiduciary Net Position: JRS Dollars in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ -	\$ 12	\$ 31	\$ 46	\$ 79	\$ 105	\$ 112	\$ 111	\$ 115	\$ 155
Employee Contributions	-	12	31	46	79	104	112	111	115	155
State Contributions	10,600	10,100	8,100	10,860	11,570	10,200	9,600	9,539	6,601	5,995
Investment Income (Loss) ¹	26	(11)	13	8	11	48	98	139	61	73
Transfers	-	-	-	-	-	-	-	-	-	-
Miscellaneous ²	2	2	1	2	2	1	1	-	-	1
Total Additions	10,628	10,115	8,176	10,962	11,741	10,458	9,923	9,900	6,892	6,379
Deductions by Type										
Benefits	9,480	9,697	9,764	9,738	9,723	9,583	9,514	9,356	9,247	8,761
Refunds	-	-	-	-	-	7	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Administrative Expenses	2	2	2	2	2	1	-	-	-	1
Total Deductions	9,482	9,699	9,766	9,740	9,725	9,591	9,514	9,356	9,247	8,762
Total Changes in Fiduciary Net Position	\$ 1,146	\$ 416	\$ (1,590)	\$ 1,222	\$ 2,016	\$ 867	\$ 409	\$ 544	\$ (2,355)	\$ (2,383)
Fiduciary Net Position										
Beginning of Year	3,887	3,471	5,061	3,839	1,823	956	547	3	2,358	4,741
End of Year	\$ 5,033	\$ 3,887	\$ 3,471	\$ 5,061	\$ 3,839	\$ 1,823	\$ 956	\$ 547	\$ 3	\$ 2,358
Employer Contributions: % of Covered Payroll	n/a	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Fiduciary Net Position: Judges Dollars in Thousands

	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Contributions	-	-	-	-	-	-	-	-	-	-
State Contributions	-	-	-	-	-	-	-	300	300	500
Investment Income (Loss) ¹	8	(5)	19	11	48	141	179	184	139	86
Transfers	-	-	-	-	-	-	-	-	-	-
Miscellaneous ²	-	-	1	1	1	2	1	2	2	2
Total Additions	8	(5)	20	12	49	143	180	486	441	588
Deductions by Type										
Benefits	444	474	482	499	500	501	545	581	624	641
Refunds	-	-	-	-	-	-	-	-	-	13
Transfers	-	-	-	-	-	1	-	-	-	1
Administrative Expenses	-	1	1	1	1	1	2	1	2	2
Total Deductions	444	475	483	500	501	503	547	582	626	657
Total Changes in Fiduciary Net Position	\$ (436)	\$ (480)	\$ (463)	\$ (488)	\$ (452)	\$ (360)	\$ (367)	\$ (96)	\$ (185)	\$ (69)
Fiduciary Net Position										
Beginning of Year	1,392	1,872	2,335	2,823	3,275	3,635	4,002	4,098	4,283	4,352
End of Year	\$ 956	\$ 1,392	\$ 1,872	\$ 2,335	\$ 2,823	\$ 3,275	\$ 3,635	\$ 4,002	\$ 4,098	\$ 4,283
Employer Contributions: % of Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Fiduciary Net Position

Schedule of Changes in Fiduciary Net Position: JRA Dollars in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Employer Contributions	\$ 25	\$ 32	\$ 38	\$ 43	\$ 43	\$ 42	\$ 70	\$ 427	\$ 635	\$ 602
Employee Contributions	25	32	38	43	43	42	71	430	635	601
Investment Income (Loss) ¹	1,372	1,015	(29)	1,940	985	(1,910)	(906)	2,452	1,532	760
Transfers	—	—	—	—	—	—	—	—	—	—
Miscellaneous ²	(2)	2	5	5	3	12	6	5	11	15
Total Additions	1,420	1,081	52	2,031	1,074	(1,814)	(759)	3,314	2,813	1,978
Deductions by Type										
Benefits	668	1,071	810	445	389	461	6,540	110	207	411
Refunds	—	—	—	—	1	—	—	—	—	—
Transfers	—	—	—	—	—	—	—	—	—	—
Administrative Expenses	—	—	—	—	—	—	—	—	—	—
Total Deductions	668	1,071	810	445	390	461	6,540	110	207	411
Total Changes in Fiduciary Net Position	\$ 752	\$ 10	\$ (758)	\$ 1,586	\$ 684	\$ (2,275)	\$ (7,299)	\$ 3,204	\$ 2,606	\$ 1,567
Fiduciary Net Position										
Beginning of Year	12,279	12,269	13,027	11,441	10,757	13,032	20,331	17,127	14,521	12,954
End of Year	\$ 13,031	\$ 12,279	\$ 12,269	\$ 13,027	\$ 11,441	\$ 10,757	\$ 13,032	\$ 20,331	\$ 17,127	\$ 14,521
Employer Contributions: % of Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

¹ Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

² Covered payroll figures are not available for this plan.

Schedule of Changes in Fiduciary Net Position: DCP

Dollars in Thousands

	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Additions by Source										
Participant Contributions	\$ 190,538	\$ 182,305	\$ 178,449	\$ 186,734	\$ 185,120	\$ 184,544	\$ 188,735	\$ 175,055	\$ 168,000	\$ 160,029
Investment Income (Loss) ¹	397,083	263,381	(12,292)	451,033	203,075	(344,592)	(169,322)	314,273	204,021	100,727
Charges for Services	1,949	1,566	1,677	1,610	1,780	1,405	838	689	1,079	335
Transfers	—	—	—	—	—	—	—	—	—	—
Miscellaneous ²	314	527	794	1,461	1,145	690	833	854	1,536	2,302
Total Additions	589,884	447,779	168,628	640,838	391,120	(157,953)	21,084	490,871	374,636	263,393
Deductions by Type										
Refunds	212,298	178,638	171,741	149,010	108,578	106,645	135,877	127,198	109,318	83,741
Transfers	—	—	—	—	—	2	—	3	—	—
Administrative Expenses	1,651	1,568	1,594	1,735	1,512	1,468	1,488	1,445	1,256	1,344
Total Deductions	213,949	180,206	173,335	150,745	110,090	108,115	137,365	128,646	110,574	85,085
Total Changes in Fiduciary Net Position	\$ 375,935	\$ 267,573	\$ (4,707)	\$ 490,093	\$ 281,030	\$ (266,068)	\$ (116,281)	\$ 362,225	\$ 264,062	\$ 178,308
Fiduciary Net Position										
Beginning of Year	3,203,305	2,935,732	2,940,439	2,450,346	2,169,316	2,435,384	2,551,665	2,189,440	1,925,378	1,747,070
End of Year	\$ 3,579,240	\$ 3,203,305	\$ 2,935,732	\$ 2,940,439	\$ 2,450,346	\$ 2,169,316	\$ 2,435,384	\$ 2,551,665	\$ 2,189,440	\$ 1,925,378
Employer Contributions: % of Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

¹Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²All DCP contributions are made by the participants.

Distribution of Membership by System and Plan

Active Members

For the Years Ended June 30, 2008–2013 and September 30, 2004–2007

Plan		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
PERS 1	Percent	1.94%	2.29%	2.64%	3.03%	3.43%	3.86%	4.41%	4.85%	5.50%	6.16%
	Individuals	5,653	6,635	7,733	9,007	10,354	11,663	12,975	14,213	15,962	17,829
	Avg. Age	62	61	61	60	59	59	58	57	57	56
PERS 2	Percent	39.73%	40.00%	39.92%	40.27%	40.35%	40.81%	41.00%	40.39%	40.81%	40.97%
	Individuals	115,751	115,877	117,096	119,826	121,800	123,285	120,625	118,341	118,400	118,572
	Avg. Age	48	48	48	48	47	47	46	46	46	45
PERS 3	Percent	10.06%	9.69%	9.41%	9.31%	8.97%	8.85%	8.30%	7.67%	7.31%	6.86%
	Individuals	29,302	28,078	27,588	27,693	27,081	26,720	24,422	22,473	21,216	19,855
	Avg. Age	44	44	43	43	42	42	42	42	42	42
SERS 2	Percent	7.47%	7.20%	7.09%	6.84%	6.69%	6.38%	6.04%	6.30%	6.68%	7.06%
	Individuals	21,760	20,846	20,784	20,358	20,197	19,264	17,767	18,464	19,387	20,424
	Avg. Age	51	51	51	51	51	51	51	51	50	49
SERS 3	Percent	10.48%	10.60%	10.76%	10.75%	10.69%	10.76%	11.24%	11.04%	10.67%	10.17%
	Individuals	30,535	30,712	31,548	31,981	32,277	32,510	33,058	32,354	30,963	29,430
	Avg. Age	51	50	50	49	49	48	47	47	46	46
PSERS 2	Percent	1.55%	1.47%	1.43%	1.42%	1.44%	1.32%	0.94%	0.71%	–	–
	Individuals	4,513	4,250	4,187	4,210	4,340	3,981	2,755	2,073	–	–
	Avg. Age	40	40	40	39	38	37	38	39	–	–
TRS 1	Percent	0.82%	1.04%	1.27%	1.54%	1.72%	2.01%	2.15%	2.52%	2.96%	3.41%
	Individuals	2,393	3,019	3,740	4,591	5,204	6,061	6,331	7,382	8,592	9,862
	Avg. Age	63	62	62	61	60	59	58	58	57	56
TRS 2	Percent	4.14%	3.74%	3.51%	3.17%	3.04%	2.68%	2.30%	2.38%	2.48%	2.58%
	Individuals	12,071	10,849	10,285	9,442	9,174	8,103	6,752	6,983	7,205	7,470
	Avg. Age	44	46	46	48	48	49	52	51	51	50
TRS 3	Percent	17.67%	17.77%	17.79%	17.57%	17.56%	17.33%	17.63%	18.22%	17.74%	17.03%
	Individuals	51,471	51,489	52,178	52,292	53,010	52,360	51,856	53,371	51,473	49,302
	Avg. Age	46	46	45	45	44	43	43	42	42	42
LEOFF 1	Percent	0.05%	0.06%	0.08%	0.10%	0.12%	0.14%	0.17%	0.20%	0.25%	0.29%
	Individuals	143	186	250	301	356	421	513	596	723	848
	Avg. Age	62	61	60	60	59	58	57	56	56	55
LEOFF 2	Percent	5.73%	5.77%	5.73%	5.64%	5.62%	5.50%	5.47%	5.37%	5.23%	5.10%
	Individuals	16,687	16,720	16,805	16,775	16,951	16,626	16,099	15,718	15,168	14,754
	Avg. Age	44	43	43	42	42	41	41	41	41	40
WSPRS 1	Percent	0.22%	0.25%	0.26%	0.27%	0.28%	0.28%	0.30%	0.31%	0.33%	0.34%
	Individuals	657	712	767	806	830	851	885	906	941	997
	Avg. Age	46	45	45	44	43	42	41	41	40	39
WSPRS 2	Percent	0.14%	0.12%	0.11%	0.09%	0.09%	0.08%	0.05%	0.04%	0.03%	0.02%
	Individuals	409	354	315	281	264	234	152	116	81	60
	Avg. Age	33	32	32	32	31	30	31	30	30	29
JRS	Percent	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%
	Individuals	–	2	3	5	9	10	11	11	13	19
	Avg. Age	n/a	66	69	69	69	67	66	66	65	63
Judges	Percent	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Individuals	–	–	–	–	–	–	–	–	–	–
	Avg. Age	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Totals	Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Individuals	291,345	289,729	293,279	297,568	301,847	302,089	294,201	293,001	290,124	289,422

Source: Washington State Office of the State Actuary
 Figures are as of the latest valuation date for each year.

Distribution of Membership by System and Plan

Inactive and Retired Members

For the Years Ended June 30, 2008–2013 and September 30, 2004–2007

Plan		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
PERS 1	Percent	26.14%	27.70%	29.18%	30.63%	31.87%	33.11%	34.34%	35.47%	37.53%	39.14%
	Individuals	53,244	54,266	55,053	55,721	56,272	56,852	57,342	57,509	57,628	57,561
	Avg. Age	74	74	74	74	73	73	73	73	72	72
PERS 2	Percent	27.84%	26.93%	26.06%	25.04%	24.14%	23.23%	22.34%	21.88%	20.46%	19.62%
	Individuals	56,712	52,773	49,167	45,556	42,614	39,890	37,302	35,485	31,412	28,860
	Avg. Age	63	62	62	61	60	60	59	59	59	59
PERS 3	Percent	3.15%	2.92%	2.69%	2.46%	2.29%	2.12%	1.91%	1.74%	1.39%	1.02%
	Individuals	6,419	5,718	5,068	4,482	4,045	3,647	3,183	2,817	2,136	1,506
	Avg. Age	58	57	56	55	54	53	52	51	50	49
SERS 2	Percent	5.04%	4.81%	4.61%	4.44%	4.26%	3.99%	3.61%	3.36%	2.93%	2.40%
	Individuals	10,274	9,429	8,697	8,069	7,514	6,845	6,019	5,442	4,499	3,525
	Avg. Age	62	62	61	60	58	58	57	56	56	55
SERS 3	Percent	5.10%	4.67%	4.24%	3.86%	3.57%	3.28%	2.87%	2.60%	2.08%	1.71%
	Individuals	10,393	9,142	7,993	7,015	6,308	5,628	4,796	4,210	3,196	2,516
	Avg. Age	61	60	60	59	58	57	56	56	55	54
PSERS 2	Percent	0.08%	0.04%	0.01%	0.01%	0.00%	0.00%	–	–	–	–
	Individuals	162	87	16	7	2	1	–	–	–	–
	Avg. Age	47	48	59	58	63	66	–	–	–	–
TRS 1	Percent	17.82%	18.65%	19.45%	20.18%	20.88%	21.45%	22.41%	22.80%	23.83%	24.54%
	Individuals	36,303	36,531	36,699	36,716	36,875	36,839	37,420	36,969	36,592	36,099
	Avg. Age	74	73	73	72	72	71	71	71	70	70
TRS 2	Percent	2.84%	2.76%	2.69%	2.63%	2.59%	2.57%	2.57%	2.54%	2.53%	2.47%
	Individuals	5,775	5,408	5,080	4,787	4,576	4,418	4,288	4,116	3,887	3,637
	Avg. Age	65	64	63	62	61	60	59	58	57	56
TRS 3	Percent	5.88%	5.37%	4.84%	4.41%	4.04%	3.84%	3.48%	3.07%	2.52%	2.24%
	Individuals	11,965	10,524	9,134	8,017	7,136	6,592	5,811	4,978	3,864	3,302
	Avg. Age	60	59	58	58	57	56	55	54	53	52
LEOFF 1	Percent	3.80%	4.00%	4.20%	4.40%	4.58%	4.74%	4.89%	5.04%	5.31%	5.52%
	Individuals	7,730	7,845	7,933	8,009	8,089	8,135	8,165	8,177	8,156	8,117
	Avg. Age	72	71	70	70	69	68	68	67	67	66
LEOFF 2	Percent	1.71%	1.55%	1.42%	1.33%	1.16%	1.04%	0.93%	0.85%	0.74%	0.65%
	Individuals	3,480	3,033	2,670	2,420	2,039	1,783	1,553	1,376	1,144	953
	Avg. Age	58	57	56	55	54	54	53	52	52	51
WSPRS 1	Percent	0.53%	0.53%	0.53%	0.53%	0.54%	0.55%	0.56%	0.56%	0.58%	0.59%
	Individuals	1,083	1,035	992	970	956	947	933	918	894	862
	Avg. Age	66	66	65	65	65	64	64	64	63	63
WSPRS 2	Percent	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	–	–	–
	Individuals	10	8	6	6	4	2	1	–	–	–
	Avg. Age	36	36	37	35	33	32	29	–	–	–
JRS	Percent	0.06%	0.06%	0.07%	0.07%	0.07%	0.07%	0.08%	0.08%	0.09%	0.09%
	Individuals	114	119	124	125	124	128	131	133	133	129
	Avg. Age	80	80	80	79	79	79	78	77	77	76
Judges	Percent	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
	Individuals	12	12	13	13	13	13	15	15	16	16
	Avg. Age	83	83	83	82	81	80	79	79	78	78
Totals	Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Individuals	203,676	195,930	188,645	181,913	176,567	171,720	166,959	162,145	153,557	147,083

Source: Washington State Office of the State Actuary
Figures are as of the latest valuation date for each year.

Principal Participating Employers by Plan

Principal Participating Employers by Plan: PERS 1 Current Year and Nine Years Prior

2014

Employer	Covered Employees	Rank	Percentage of Total Plan
State of Washington*	2,174	1	44.6%
King County	276	2	5.7%
Seattle SD 001	100	3	2.1%
Pierce County	51	4	1.0%
Snohomish County	50	5	1.0%
Spokane County	37	6	0.8%
Spokane Public Schools	37	7	0.8%
Tacoma SD 010	34	8	0.7%
City of Everett	28	9	0.6%
Yakima County	27	10	0.5%
All other**	2,058		42.2%
Total (507 employers)	4,872		100.0%

* Includes 128 component units of the state.

** In 2014, "all other" consisted of:

Type	Number	Employees
State of Washington	—	—
School Districts	209	1,066
Counties/Municipalities	141	587
Other Political Subdivisions	147	405
Total	497	2,058

2005 (calendar year statistics)

Employer	Covered Employees	Rank	Percentage of Total Plan
State of Washington	8,560	1	49.8%
King County	523	2	3.1%
KC Metro	459	3	2.7%
Seattle SD 001	246	4	1.4%
Pierce County	212	5	1.2%
Snohomish County	176	6	1.0%
Spokane County	125	7	0.7%
Tacoma SD 010	124	8	0.7%
Clark County	114	9	0.7%
Spokane Public Schools	106	10	0.6%
All other	6,547		38.1%
Total (688 employers)	17,192		100.0%

Principal Participating Employers by Plan: PERS 2 Current Year and Nine Years Prior

2014

Employer	Covered Employees	Rank	Percentage of Total Plan
State of Washington*	61,841	1	51.9%
King County	10,058	2	8.5%
Pierce County	2,043	3	1.7%
Snohomish County	1,845	4	1.6%
Spokane County	1,343	5	1.1%
Clark County	1,105	6	0.9%
Port of Seattle	910	7	0.8%
Snohomish County PUD 01	871	8	0.7%
Energy Northwest	840	9	0.7%
City of Bellevue	835	10	0.7%
All other**	37,370		31.4%
Total (766 employers)	119,061		100.0%

* Includes 169 component units of the state.

** In 2014, "all other" consisted of:

Type	Number	Employees
State of Washington	—	—
School Districts	—	—
Counties/Municipalities	269	20,680
Other Political Subdivisions	487	16,690
Total	756	37,370

2005 (calendar year statistics)

Employer	Covered Employees	Rank	Percentage of Total Plan
State of Washington	66,637	1	52.9%
King County	5,135	2	4.1%
KC Metro	4,258	3	3.4%
Pierce County	2,676	4	2.1%
Snohomish County	2,312	5	1.8%
Spokane County	1,557	6	1.2%
Clark County	1,319	7	1.1%
King County Public Health Dept.	1,218	8	1.0%
Thurston County	925	9	0.7%
Kitsap County	912	10	0.7%
All other	39,002		31.0%
Total (728 employers)	125,951		100.0%

Principal Participating Employers by Plan: PERS 3

Current Year and Nine Years Prior

2014

Employer	Covered Employees	Rank	Percentage of Total Plan
State of Washington*	19,309	1	63.8%
King County	1,880	2	6.2%
Pierce County	432	3	1.4%
Metropolitan Park Dist. of Tacoma	379	4	1.2%
Energy Northwest	365	5	1.2%
Snohomish County	322	6	1.1%
Spokane County	229	7	0.8%
Yakima County	202	8	0.7%
Clark County	197	9	0.7%
Kitsap County	186	10	0.6%
All other**	6,762		22.3%
Total (516 employers)	30,263		100.0%

* Includes 158 component units of the state.

** In 2014, "all other" consisted of:

Type	Number	Employees
State of Washington	—	—
School Districts	—	—
Counties/Municipalities	202	3,660
Other Political Subdivisions	304	3,102
Total	506	6,762

2005 (calendar year statistics)

Employer	Covered Employees	Rank	Percentage of Total Plan
State of Washington	14,331	1	63.8%
King County	680	2	3.0%
KC Metro	541	3	2.4%
Pierce County	357	4	1.6%
Energy Northwest	335	5	1.5%
King County Public Health Dept.	224	6	1.0%
Snohomish County	203	7	0.9%
Yakima County	202	8	0.9%
Clark County	171	9	0.8%
Spokane County	169	10	0.8%
All other	5,242		23.3%
Total (410 employers)	22,455		100.0%

Principal Participating Employers by Plan: SERS 2

Current Year and Nine Years Prior

2014

Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	1,117	1	4.6%
Tacoma SD 010	678	2	2.8%
Highline SD 401	526	3	2.2%
Vancouver SD 037	525	4	2.1%
Spokane Public Schools	521	5	2.1%
Kent SD 415	515	6	2.1%
Bellevue SD 405	462	7	1.9%
Evergreen SD 114	413	8	1.7%
Puyallup SD 003	389	9	1.6%
Federal Way SD 210	388	10	1.6%
All other*	18,869		77.3%
Total (303 employers)	24,403		100.0%

* In 2014, "all other" consisted of:

Type	Number	Employees
State of Washington	—	—
School Districts	293	18,869
Counties/Municipalities	—	—
Other Political Subdivisions	—	—
Total	293	18,869

2005 (August 31, 2005 statistics)

Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	1,038	1	5.0%
Tacoma SD 010	759	2	3.7%
Spokane Public Schools	566	3	2.7%
Vancouver SD 037	536	4	2.6%
Kent SD 415	493	5	2.4%
Highline SD 401	465	6	2.2%
Edmonds SD 015	407	7	2.0%
Federal Way SD 210	394	8	1.9%
North Shore SD 417	371	9	1.8%
Lake Washington SD 414	363	10	1.7%
All other	15,353		74.0%
Total (363 employers)	20,745		100.0%

Principal Participating Employers by Plan (continued)

Principal Participating Employers by Plan: SERS 3 Current Year and Nine Years Prior

2014

Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	1,121	1	3.5%
Kent SD 415	959	2	3.0%
Spokane Public Schools	796	3	2.5%
Evergreen SD 114	781	4	2.4%
Vancouver SD 037	712	5	2.2%
Lake Washington SD 414	705	6	2.2%
Tacoma SD 010	702	7	2.2%
Edmonds SD 015	637	8	2.0%
Bethel SD 403	633	9	2.0%
Federal Way SD 210	608	10	1.9%
All other*	24,376		76.1%
Total (300 employers)	32,030		100.0%

* In 2014, "all other" consisted of:

Type	Number	Employees
State of Washington	—	—
School Districts	290	24,376
Counties/Municipalities	—	—
Other Political Subdivisions	—	—
Total	290	24,376

2005 (August 31, 2005 statistics)

Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	999	1	3.0%
Kent SD 415	952	2	2.9%
Evergreen SD 114	869	3	2.6%
Spokane Public Schools	842	4	2.6%
Tacoma SD 010	751	5	2.3%
Vancouver SD 037	704	6	2.1%
Lake Washington SD 414	674	7	2.0%
Northshore SD 417	671	8	2.0%
Edmonds SD 015	664	9	2.0%
Federal Way SD 210	648	10	2.0%
All other	25,350		76.5%
Total (299 employers)	33,124		100.0%

Principal Participating Employers by Plan: PSERS 2 Current Year and Nine Years Prior

2014

Employer	Covered Employees	Rank	Percentage of Total Plan
State of Washington*	2,657	1	54.8%
King County	340	2	7.0%
Pierce County	198	3	4.1%
Snohomish County	197	4	4.1%
Spokane County	141	5	2.9%
Thurston County	124	6	2.5%
Benton County	94	7	1.9%
Clark County	93	8	1.9%
South Correctional Entity	91	9	1.9%
Yakima County	83	10	1.7%
All other**	833		17.2%
Total (67 employers)	4,851		100.0%

* Includes 9 component units of the state.

** In 2014, "all other" consisted of:

Type	Number	Employees
State of Washington	—	—
School Districts	—	—
Counties/Municipalities	57	833
Other Political Subdivisions	—	—
Total	57	833

2005 (PSERS 2 was not available in 2005)

Employer	Covered Employees	Rank	Percentage of Total Plan
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Principal Participating Employers by Plan: TRS 1

Current Year and Nine Years Prior

2014

Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	104	1	5.6%
State of Washington*	91	2	4.9%
Tacoma SD 010	78	3	4.2%
Northshore SD 417	59	4	3.2%
Lake Washington SD 414	50	5	2.7%
Spokane Public Schools	41	6	2.2%
Evergreen SD 114	39	7	2.1%
Puyallup SD 003	38	8	2.0%
Kent SD 415	33	9	1.8%
Everett SD 002	30	10	1.6%
All other**	1,294		69.7%
Total (229 employers)	1,857		100.0%

* Includes 36 component units of the state.

** In 2014, "all other" consisted of:

Type	Number	Employees
State of Washington	—	—
School Districts	219	1,294
Counties/Municipalities	—	—
Other Political Subdivisions	—	—
Total	219	1,294

2005 (August 31, 2005 statistics)

Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	569	1	5.7%
State of Washington	508	2	5.0%
Tacoma SD 010	391	3	3.9%
Spokane Public Schools	307	4	3.1%
Lake Washington SD 414	257	5	2.6%
Northshore SD 417	244	6	2.4%
Vancouver SD 037	213	7	2.1%
Evergreen SD 114	201	8	2.0%
Kent SD 415	191	9	1.9%
Puyallup SD 003	171	10	1.7%
All other	6,982		69.6%
Total (297 employers)	10,034		100.0%

Principal Participating Employers by Plan: TRS 2

Current Year and Nine Years Prior

2014

Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	1,142	1	7.8%
Tacoma SD 010	520	2	3.6%
Spokane Public Schools	383	3	2.6%
Evergreen SD 114	375	4	2.6%
Kent SD 415	357	5	2.4%
Lake Washington SD 414	324	6	2.2%
Highline SD 401	306	7	2.1%
Vancouver SD 037	303	8	2.1%
Federal Way SD 210	301	9	2.1%
Bellevue SD 405	286	10	2.0%
All other*	10,299		70.5%
Total (296 employers)	14,596		100.0%

* In 2014, "all other" consisted of:

Type	Number	Employees
State of Washington†	1	71
School Districts	285	10,228
Counties/Municipalities	—	—
Other Political Subdivisions	—	—
Total	286	10,299

† Includes 22 component units of the state.

2005 (August 31, 2005 statistics)

Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	573	1	7.7%
Tacoma SD 010	376	2	5.0%
Spokane Public Schools	279	3	3.7%
Kent SD 415	153	4	2.1%
Lake Washington SD 414	146	5	2.0%
Vancouver SD 037	144	6	1.9%
Federal Way SD 210	143	7	1.9%
Highline SD 401	142	8	1.9%
Edmonds SD 015	141	9	1.9%
Bethel SD 403	139	10	1.9%
All other	5,208		70.0%
Total (277 employers)	7,444		100.0%

Principal Participating Employers by Plan (continued)

Principal Participating Employers by Plan: TRS 3 Current Year and Nine Years Prior

2014				2005 (August 31, 2005 statistics)			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	2,570	1	4.7%	Seattle SD 001	2,438	1	4.6%
Spokane Public Schools	1,805	2	3.3%	Spokane Public Schools	1,569	2	3.0%
Tacoma SD 010	1,573	3	2.9%	Kent SD 415	1,507	3	2.8%
Evergreen SD 114	1,478	4	2.7%	Evergreen SD 114	1,493	4	2.8%
Kent SD 415	1,435	5	2.7%	Tacoma SD 010	1,489	5	2.8%
Lake Washington SD 414	1,393	6	2.6%	Lake Washington SD 414	1,257	6	2.4%
Federal Way SD 210	1,225	7	2.2%	Federal Way SD 210	1,186	7	2.2%
Vancouver SD 037	1,161	8	2.1%	Vancouver SD 037	1,177	8	2.2%
Bellevue SD 405	1,112	9	2.0%	Edmonds SD 015	1,111	9	2.1%
Edmonds SD 015	1,075	10	2.0%	Bellevue SD 405	1,074	10	2.0%
All other*	39,696		72.8%	All other	38,872		73.1%
Total (303 employers)	54,523		100.0%	Total (303 employers)	53,173		100.0%

* In 2014, "all other" consisted of:

Type	Number	Employees
State of Washington†	1	453
School Districts	292	39,243
Counties/Municipalities	—	—
Other Political Subdivisions	—	—
Total	293	39,696

†Includes 39 component units of the state.

Principal Participating Employers by Plan: LEOFF 1 Current Year and Nine Years Prior

2014				2005 (calendar year statistics)			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
City of Seattle	44	1	36.7%	City of Seattle	168	1	21.3%
City of Bellevue	7	2	5.8%	City of Tacoma	60	2	7.6%
City of Spokane	7	3	5.8%	City of Spokane	53	3	6.7%
Snohomish Co FPD 01	4	4	3.3%	City of Bellingham	35	4	4.4%
City of Mount Vernon	3	5	2.5%	City of Bellevue	31	5	3.9%
City of Bellingham	3	6	2.5%	King County	24	6	3.0%
City of Everett	3	7	2.5%	City of Everett	22	7	2.8%
King County	3	8	2.5%	Spokane County	20	8	2.5%
South King Fire & Rescue	3	9	2.5%	City of Renton	17	9	2.1%
Franklin County	2	10	1.7%	Pierce County FPD 02	16	10	2.0%
All other*	41		34.2%	All other	346		43.7%
Total (45 employers)	120		100.0%	Total (115 employers)	792		100.0%

* In 2014, "all other" consisted of:

Type	Number	Employees
State of Washington	—	—
School Districts	—	—
Counties/Municipalities	28	33
Other Political Subdivisions	7	8
Total	35	41

Principal Participating Employers by Plan: LEOFF 2

Current Year and Nine Years Prior

2014

Employer	Covered Employees	Rank	Percentage of Total Plan
City of Seattle	2,251	1	13.3%
King County	714	2	4.2%
City of Tacoma	687	3	4.1%
City of Spokane	560	4	3.3%
City of Bellevue	369	5	2.2%
City of Vancouver	360	6	2.1%
City of Everett	339	7	2.0%
Pierce County	302	8	1.8%
Snohomish County	270	9	1.6%
City of Renton	256	10	1.5%
All other*	10,802		63.9%
Total (362 employers)	16,910		100.0%

* In 2014, "all other" consisted of:

Type	Number	Employees
State of Washington†	1	244
School Districts	—	—
Counties/Municipalities	194	6,529
Other Political Subdivisions	157	4,029
Total	352	10,802

†Includes 8 component units of the state.

2005 (August 31, 2005 statistics)

Employer	Covered Employees	Rank	Percentage of Total Plan
City of Seattle	2,071	1	13.7%
City of Tacoma	715	2	4.7%
King County	683	3	4.6%
City of Spokane	543	4	3.6%
City of Vancouver	344	5	2.3%
City of Bellevue	338	6	2.2%
City of Everett	336	7	2.2%
Pierce County	321	8	2.1%
Snohomish County	246	9	1.6%
City of Kent	245	10	1.6%
All other	9,270		61.4%
Total (362 employers)	15,112		100.0%

Employers Covered by DRS-Administered Retirement Systems

As of June 30, 2014 – Page 1 of 9

Air Quality Agencies

Benton Clean Air Agency
 NW Clean Air Agency
 Olympic Region Clean Air Agency
 Puget Sound Clean Air Agency
 Spokane Regional Clean Air Agency
 SW Clean Air Agency
 Yakima Regional Clean Air Agency

Airports, Airport Boards

Snohomish Co. Airport
 Spokane International Airport
 Walla Walla Regional Airport

Area Agencies on Aging

Aging & Long-Term Care of Eastern WA
 Columbia River Council of Govts
 Olympic Area Agency on Aging

Associations, Unions

Inlandboatmens' Union of the Pacific
 King Co. Directors Association
 Public School Employees of WA
 Sound Cities Association
 WA Association of County Officials
 WA Federation of State Employees

Cemetery Districts

Cowlitz Co. Cemetery Dist. 1, 2 & 5
 Pend Oreille Cemetery Dist. 1
 Skagit Co. Cemetery Dist. 2

Cities & Towns

Aberdeen
 Airway Heights
 Algona
 Anacortes
 Arlington
 Asotin
 Auburn
 Bainbridge Island
 Battle Ground
 Beaux Arts Village
 Bellevue
 Bellingham
 Benton City
 Bingen
 Black Diamond

Blaine
 Bonney Lake
 Bothell
 Bremerton
 Brewster
 Bridgeport
 Brier
 Buckley
 Burien
 Burlington
 Camas
 Carbonado (Town of)
 Carnation
 Cashmere
 Castle Rock
 Cathlamet (Town of)
 Centralia
 Chehalis
 Chelan
 Cheney
 Chewelah
 Clarkston
 Cle Elum
 Clyde Hill
 Colfax
 College Place
 Colton (Town of)
 Colville
 Conconully (Town of)
 Concrete (Town of)
 Connell
 Cosmopolis
 Coulee City (Town of)
 Coulee Dam (Town of)
 Coupeville (Town of)
 Creston (Town of)
 Cusick (Town of)
 Darrington (Town of)
 Davenport
 Dayton
 Deer Park
 Des Moines
 DuPont
 Duvall
 East Wenatchee
 Eatonville (Town of)
 Edgewood
 Edmonds
 Electric City (Town of)
 Ellensburg
 Elma

Elmer City (Town of)
 Entiat
 Enumclaw
 Ephrata
 Everett
 Everson
 Federal Way
 Ferndale
 Fife
 Fircrest
 Forks
 Friday Harbor (Town of)
 Garfield (Town of)
 George
 Gig Harbor
 Gold Bar
 Goldendale
 Grand Coulee
 Grandview
 Granger (Town of)
 Granite Falls
 Harrington (Town of)
 Hoquiam
 Hunts Point (Town of)
 Ilwaco
 Issaquah
 Kalama
 Kelso
 Kenmore
 Kennewick
 Kent
 Kettle Falls
 Kirkland
 Kittitas
 La Center
 La Conner (Town of)
 Lacey
 Lake Forest Park
 Lake Stevens
 Lakewood
 Langley
 Leavenworth
 Liberty Lake
 Lind (Town of)
 Long Beach
 Longview
 Lynden
 Lynnwood
 Mabton
 Mansfield (Town of)
 Maple Valley

Employers Covered by DRS-Administered Retirement Systems

As of June 30, 2014 – Page 2 of 9

Cities & Towns (continued)

Marysville
 Mattawa (City of)
 McCleary
 Medical Lake
 Medina
 Mercer Island
 Metaline Falls (Town of)
 Mill Creek
 Millwood (Town of)
 Milton
 Monroe
 Montesano
 Morton
 Moses Lake
 Mossyrock
 Mount Vernon
 Mountlake Terrace
 Moxee
 Mukilteo
 Naches (Town of)
 Napavine
 Newcastle
 Newport
 Nooksack
 Normandy Park
 North Bend
 North Bonneville
 Oak Harbor
 Oakesdale (Town of)
 Oakville
 Ocean Shores
 Odessa (Town of)
 Okanogan
 Olympia
 Omak
 Oroville
 Orting
 Othello
 Pacific
 Palouse
 Pasco
 Pateros
 Port Angeles
 Port Orchard
 Port Townsend
 Poulsbo
 Prosser
 Pullman
 Puyallup
 Quincy

Rainier
 Raymond
 Reardan (Town of)
 Redmond
 Renton
 Republic
 Richland
 Ridgefield
 Ritzville
 Riverside
 Rock Island
 Rosalia (Town of)
 Roslyn
 Roy
 Royal City
 Ruston (Town of)
 Sammamish
 Seatac
 Seattle
 Sedro Woolley
 Selah
 Sequim
 Shelton
 Shoreline
 Skykomish (Town of)
 Snohomish
 Snoqualmie
 Soap Lake
 South Bend
 South Cle Elum (Town of)
 Spangle (Town of)
 Spokane
 Spokane Valley
 Sprague
 Springdale (Town of)
 Stanwood
 Steilacoom (Town of)
 Stevenson
 Sultan
 Sumas
 Sumner
 Sunnyside
 Tacoma
 Tekoa
 Tenino
 Tieton
 Toledo
 Tonasket
 Toppenish
 Tukwila
 Tumwater

Twisp (Town of)
 Union Gap
 Uniontown (Town of)
 University Place
 Vancouver
 Waitsburg
 Walla Walla
 Wapato
 Warden
 Washougal
 Washtucna (Town of)
 Waterville (Town of)
 Wenatchee
 West Richland
 Westport
 White Salmon
 Wilbur (Town of)
 Winlock
 Winthrop (Town of)
 Woodinville
 Woodland
 Woodway (Town of)
 Yacolt (Town of)
 Yakima
 Yarrow Point (Town of)
 Yelm
 Zillah

Conservation Districts

Cascadia
 Clallam
 Columbia
 Cowlitz
 Grays Harbor
 King
 Kittitas
 Okanogan
 Pacific
 Pend Oreille
 Snohomish
 Spokane Co.
 Stevens Co.
 Thurston
 Wahkiakum

Councils

Cowlitz-Wahkiakum
 Council of Governments
 Grays Harbor
 Council of Governments

Employers Covered by DRS-Administered Retirement Systems

As of June 30, 2014 – Page 3 of 9

Councils (continued)

Lewis, Mason, Thurston
 Council of Governments
 Northwest Regional Council
 Pacific Council of Governments
 Pacific Mountain Workforce
 Development Council
 Puget Sound Regional Council
 Skagit Council of Governments
 South Central Workforce Council
 Spokane Area Workforce
 Development Council
 SW WA Council Government on
 Aging and Disability
 Thurston Regional Planning Council
 Wenatchee Valley
 Transportation Council
 Whatcom Council of Governments

Counties

Adams
 Asotin
 Benton
 Chelan
 Clallam
 Clark
 Columbia
 Cowlitz
 Douglas
 Ferry
 Franklin
 Garfield
 Grant
 Grays Harbor
 Island
 Jefferson
 King
 Kitsap
 Kittitas
 Klickitat
 Lewis
 Lincoln
 Mason
 Okanogan
 Pacific
 Pend Oreille
 Pierce
 San Juan
 Skagit
 Skamania

Snohomish
 Spokane
 Stevens
 Thurston
 Wahkiakum
 Walla Walla
 Whatcom
 Whitman
 Yakima

Development

Authorities/Districts

Bellingham Public Development Auth.
 Cultural Development Auth. of King Co.
 Tricounty Economic Development Dist.
 Walla Walla
 Joint Comm. Development Auth.

Educational Service Districts

E.S.D. 105
 E.S.D. 112
 E.S.D. 113
 E.S.D. 123
 North Central WA E.S.D.
 Northeast WA E.S.D. 101
 Northwest Regional E.S.D.
 Olympic E.S.D.
 Puget Sound E.S.D.

Emergency Services & Communication Districts

Emergency Services
 Coordinating Agency
 Franklin Co. Emergency Mgmt.
 Grays Harbor Communications
 Island Co. Emergency Services
 Communication Ctr.
 Jefferson Co. 911 Communications
 KITTCOM
 Mason Co. Emergency Communications
 Multi Agency Communications Center
 NORCOM 911
 North Country
 Emergency Medical Service
 RIVERCOM
 San Juan Island
 Emergency Medical Service
 Skagit 911 (SECOM)
 Skagit Co. EMS Commission

SNOCOM 911
 Snohomish Co.
 Emergency Radio System
 South Beach Ambulance Service
 South Sound 911
 Thurston 911 Communications
 Valley Communication Center

Fire Protection Districts

Adams Co. FPD 5
 Asotin Co. FPD 1
 Bainbridge Island Fire Dept.
 Benton Co. FPDs 1, 2, 4 & 6
 Central Kitsap Fire & Rescue
 Central Whidbey Island Fire & Rescue
 Chelan Co. FPDs 1, 3, 5, 6, 7 & 9
 Clallam Co. FPDs 2, 3 & 5
 Clark Co. Fire & Rescue
 Clark Co. FPDs 3, 5, 6, 10 & 13
 Columbia Co. FPD 3
 Cowlitz Co. FPDs 1, 2, 3, 5 & 6
 Cowlitz-Skamania Co. FPD 7
 Douglas Co. FPD 2
 Douglas-Okanogan Co. FPD 15
 East County Fire & Rescue
 East Pierce Co. Fire & Rescue
 Franklin Co. FPD 3
 Garfield Co. FPD 1
 Grant Co. FPDs 3, 5, 8 & 10
 Grays Harbor Co. FPDs 2 & 5
 Island Co. FPD 1
 Jefferson Co. FPDs 1, 2, 3 & 4
 Kent Fire Dept. Regional Fire Auth.
 King Co. FPDs 2, 10, 16, 20, 27,
 28, 34, 40, 43, 44, 45 & 50
 Kitsap Co. FPD 18
 Kittitas Co. FPDs 1 & 2
 Klickitat Co. FPDs 3 & 7
 Lake Stevens Fire
 Lewis Co. FPDs 2, 3, 5, 6, 10, 14 & 15
 Marysville Fire Dist. 12
 Mason Co. FPDs 3, 4, 5, 6, 11 & 13
 North County Regional Fire Auth.
 North Highline Fire Dist.
 North Kitsap Fire & Rescue
 North Mason Regional Fire Auth.
 North Whidbey Fire & Rescue
 Okanogan Co. FPD 6
 Pacific Co. FPD 1
 Pend Oreille FPDs 2 & 4

Employers Covered by DRS-Administered Retirement Systems

As of June 30, 2014 – Page 4 of 9

Fire Protection Districts (continued)

Pierce Co. FPDs 3, 5, 6, 10, 13, 14, 16, 17, 18, 21, 23 & 27
 Prosser FPD 3
 Riverside Fire Auth.
 San Juan Co. FPDs 2, 3, 4 & 5
 Shoreline Fire Dept.
 Skagit Co. FPDs 6 & 8
 Snohomish Co. FPDs 1, 3, 4, 5, 7, 15, 17, 19, 21, 22, 26 & 28
 Snoqualmie Pass Fire & Rescue
 South East Thurston Fire Auth.
 South King Fire & Rescue
 South Kitsap Fire & Rescue
 South Pend Oreille Fire & Rescue
 South Whatcom Fire Auth.
 South Whidbey Fire & EMS
 Spokane Co. FPDs 3, 4, 8, 9, 10 & 13
 Spokane Valley Fire Dept.
 Stevens Co. FPD 1
 Thurston Co. FPDs 3, 5, 6, 7, 8, 9, 12, 13 & 17
 Valley Regional Fire Auth.
 Vashon Island Fire & Rescue
 Walla Walla Co. FPDs 4 & 5
 West Thurston Regional Fire Auth.
 Whatcom Co. FPDs 1, 7, 8, 14, 17 & 21
 Woodinville Fire & Rescue
 Yakima Co. FPDs 4, 5 & 12

Housing Authorities

Anacortes
 Asotin Co.
 Bellingham
 Bremerton
 Everett
 Grant Co.
 Grays Harbor Co.
 Island Co.
 Joint Republic Ferry Co.
 Kelso
 Kennewick
 King Co.
 Kitsap Co. Consolidated
 Kittitas Co.
 Longview
 Okanogan Co.
 Othello
 Pasco/Franklin Co.

Peninsula
 Pierce Co.
 Renton
 Seattle
 Skagit Co.
 Snohomish Co.
 Spokane
 Tacoma
 Thurston Co.
 Vancouver
 Walla Walla

Insurance Authorities

Enduris Washington
 Health Benefit Exchange
 Transit Insurance Pool of WA
 WA Cities Insurance Auth.
 WA Counties Insurance Fund
 WA Counties Risk Pool
 Water & Sewer Insurance Pool

Irrigation, Sewer & Water Districts

Agnew Irrigation Dist.
 Ahtanum Irrigation Dist.
 Alderwood Water Dist.
 Beacon Hill Water & Sewer Dist.
 Belfair Water Dist.
 Benton Irrigation Dist.
 Birch Bay Water & Sewer Dist.
 Brewster Flat Irrigation Dist.
 Cascade Irrigation Dist.
 Cedar River Water & Sewer Dist.
 Chinook Water Dist.
 Clark Regional Wastewater Dist.
 Clinton Water Dist.
 Coal Creek Utility Dist.
 Coalition for Clean Water
 Columbia Irrigation Dist.
 Columbia Valley Water Dist.
 Consolidated Diking Improvement Dist. 1 & 2
 Consolidated Irrigation Dist. 19
 Covington Water Dist.
 Cross Valley Water Dist.
 Dallesport Water Dist.
 Diamond Lake Water & Sewer Dist.
 Douglas Co. Sewer Dist. 1
 East Columbia Basin Irrigation Dist.
 East Spokane Water Dist. 1

East Wenatchee Water Dist.
 Eastsound Sewer & Water Dist.
 Fall City Water Dist.
 Franklin Co. Irrigation Dist. 1
 Gardena Farms Dist. 13
 Glacier Water Dist.
 Grays Harbor Co. Water Dist. 1
 Greater Wenatchee Irrigation Dist.
 Highland Irrigation Dist.
 Highline Water Dist.
 Holmes Harbor Sewer Dist.
 Icicle Irrigation Dist.
 Irvin Water Dist. 6
 Kennewick Irrigation Dist.
 King Co. Water Dist. 19, 20, 45, 49, 54, 90, 111, 119 & 125
 Kiona Irrigation Dist.
 Kittitas Reclamation Dist.
 Lake Chelan Reclamation Dist.
 Lake Forest Park Water Dist.
 Lake Stevens Sewer Dist.
 Lake Whatcom Water & Sewer Dist.
 Lakehaven Utility Dist.
 Lakewood Water Dist.
 Loon Lake Sewer Dist. 4
 Lopez Solid Waste Disposal Dist.
 LOTT Clean Water Alliance
 Malaga Water Dist.
 Manchester Water Dist.
 Midway Sewer Dist.
 Moab Irrigation Dist. 20
 Model Irrigation Dist. 18
 Moses Lake Irrigation & Rehabilitation Dist.
 Mukilteo Water & Wastewater Dist.
 Naches Selah Irrigation Dist.
 NE Sammamish Sewer & Water Dist.
 North City Water Dist.
 North Beach Water Dist.
 North Perry Ave. Water Dist.
 North Spokane Irrigation Dist. 8
 Northshore Utility Dist.
 Okanogan Irrigation Dist.
 Olympic View Water Dist.
 Orchard Ave. Irrigation Dist.
 Oroville-Tonasket Irrigation Dist.
 Pasadena Park Irrigation Dist. 17
 Point Roberts Water Dist. 4
 Quincy Columbia Basin Irrigation Dist.
 Ronald Wastewater Dist.

Employers Covered by DRS-Administered Retirement Systems

As of June 30, 2014 – Page 5 of 9

Irrigation, Sewer & Water Districts (continued)

Roza Irrigation Dist.
 Samish Water Dist.
 Sammamish Plateau Water & Sewer Dist.
 Seaview Sewer Dist.
 Selah-Moxee Irrigation Dist.
 Silver Lake Water Dist.
 Silverdale Water Dist. 16
 Skyway Water & Sewer Dist.
 Snoqualmie Pass Utility Dist.
 Soos Creek Water & Sewer Dist.
 South Columbia Basin Irrigation Dist.
 Spokane Co. Water Dist. 3
 Stemilt Irrigation Dist.
 Stevens Pass Sewer Dist.
 Sunland Water Dist.
 Sunnyside Valley Irrigation Dist.
 SW Suburban Sewer Dist.
 Terrace Heights Sewer Dist.
 Three Rivers Reg. Wastewater Plant
 Trentwood Irrigation Dist. 3
 Valley View Sewer Dist.
 Valley Water Dist.
 Vera Water & Power
 Walla Walla Watershed Management
 Wenatchee Reclamation Dist.
 Whatcom Co. Water Dist. 2 & 7
 Whitestone Reclamation Dist.
 Whitworth Water Dist. 2
 Willapa Valley Water Dist.
 Woodinville Water Dist.
 Yakima-Tieton Irrigation Dist.

Libraries, Library Districts

Columbia Co. Rural Library Dist.
 Fort Vancouver Regional Library
 Jefferson Co. Rural Library Dist.
 King Co. Law Library
 King Co. Rural Library Dist.
 Kitsap Regional Library
 La Conner Regional Library
 Lopez Island Library Dist.
 Mid-Columbia Regional Library
 North Central Regional Library
 North Olympic Library System
 Orcas Island Library Dist.
 Pend Oreille Library

Pierce Co. Law Library
 Pierce Co. Rural Library Dist.
 San Juan Island Co. Library
 Sno-Isle Regional Library
 Spokane Co. Law Library
 Spokane Co. Library Dist.
 Stevens Co. Rural Library
 Timberland Regional Library
 Upper Skagit Library Dist.
 Walla Walla Co. Rural Library Dist.
 Whatcom Co. Public Library
 Whitman Co. Rural Library
 Yakima Valley Regional Library

Mosquito Districts

Adams Co. Mosquito Dist.
 Benton Co. Mosquito Control Dist.
 Columbia Mosquito Control Dist.
 Franklin Co. Mosquito Control Dist.
 Yakima Co. Mosquito Control

Parks & Recreation Districts

Bainbridge Island Metro Parks & Recreation Dist.
 Eastmont Metropolitan Parks Dist.
 Fidalgo Pool & Fitness Center
 Key Peninsula Metro Park Dist.
 Manson Parks & Recreation Dist.
 Metropolitan Park Dist. of Tacoma
 Peninsula Metropolitan Park Dist.
 San Juan Island Park & Recreational Dist.
 Si View Metropolitan Park Dist.
 South Whidbey Parks & Recreation Dist.

Ports

Allyn
 Anacortes
 Bellingham
 Benton
 Bremerton
 Brownsville
 Camas-Washougal
 Centralia
 Chelan Co.
 Clarkston
 Columbia
 Douglas Co.
 Edmonds

Everett
 Friday Harbor
 Grant Co. 1 & 9
 Grays Harbor
 Ilwaco
 Kalama
 Kennewick
 Kingston
 Klickitat
 Longview
 Mattawa
 Moses Lake
 Olympia
 Orcas
 Othello
 Pasco
 Peninsula
 Port Angeles
 Port Townsend
 Ridgefield
 Royal Slope
 Seattle
 Shelton
 Skagit Co.
 Skamania Co.
 Sunnyside
 Tacoma
 Vancouver
 Wahkiakum Co. 1
 Walla Walla
 Whitman Co.
 Willapa Harbor
 Woodland

Public Facility Districts

Edmonds Public Facilities Dist.
 Lynnwood Public Facilities
 Public Stadium Auth.
 Spokane Public Facility Dist.

Public Health

Asotin Co. Health Dist.
 Benton-Franklin Health Dist.
 Chelan-Douglas Health Dist.
 Garfield Co. Health Dist.
 Grant Co. Health Dist.
 Greater Columbia Behavioral Health

Employers Covered by DRS-Administered Retirement Systems

As of June 30, 2014 – Page 6 of 9

Public Health (continued)

Kittitas Co. Public Hospital Dist. 2
 Kitsap Public Health Dist.
 North Sound
 Regional Support Network
 Snohomish Health Dist.
 Spokane Regional Health Dist.
 SW Washington Behavioral Health
 Regional Support Network
 Timberlands
 Regional Support Network
 Yakima Co. Health Dist.

Public Utility Districts

Asotin Co. PUD 1
 Benton Co. PUD 1
 Chelan Co. PUD 1
 Clallam Co. PUD 1
 Clark Co. PUD
 Cowlitz Co. PUD
 Douglas Co. PUD 1
 Energy Northwest
 Ferry Co. PUD 1
 Franklin Co. Public Works 1
 Franklin Co. PUD 1
 Grand Coulee Project Hydroelectric Auth.
 Grant Co. Public Works
 Grant Co. PUD 2
 Grays Harbor Co. PUD 1
 Jefferson Co. PUD 1
 Kitsap Co. PUD 1
 Kittitas Co. PUD 1
 Klickitat Co. PUD 1
 Lewis Co. PUD 1
 Mason Co. PUD 1 & 3
 Okanogan Co. PUD 1
 Pacific Co. PUD 2
 Pend Oreille Co. PUD 1
 Skagit Co. PUD 1
 Skamania Co. PUD 1
 Snohomish Co. PUD 1
 Stevens Co. PUD
 Thurston Co. PUD 1
 Wahkiakum Co. PUD 1
 West Sound Utility Dist.

Road Departments

Chelan Co. Roads
 Lincoln Co. Highway Dept.

School Districts

Aberdeen
 Adna
 Almira
 Anacortes
 Arlington
 Asotin Anatone
 Auburn
 Bainbridge Island
 Battle Ground
 Bellevue
 Bellingham
 Benge
 Bethel
 Bickleton
 Blaine
 Boistfort
 Bremerton
 Brewster
 Bridgeport
 Brinnon
 Burlington-Edison
 Camas
 Cape Flattery
 Carbonado Historical
 Cascade
 Cashmere
 Castle Rock
 Centerville
 Central Kitsap
 Central Valley
 Centralia
 Chehalis
 Cheney
 Chewelah
 Chimacum
 Clarkston
 Cle Elum-Roslyn
 Clover Park
 Colfax
 College Place
 Colton
 Columbia (Stevens Co.)
 Columbia (Walla Walla Co.)
 Colville
 Concrete

Conway
 Cosmopolis
 Coulee Hartline
 Coupeville
 Crescent
 Creston
 Curlew
 Cusick
 Damman
 Darrington
 Davenport
 Dayton
 Deer Park
 Dieringer
 Dixie
 East Valley (Spokane Co.)
 East Valley (Yakima Co.)
 Eastmont
 Easton
 Eatonville
 Edmonds
 Ellensburg
 Elma
 Endicott
 Entiat
 Enumclaw
 Ephrata
 Evaline
 Everett
 Evergreen (Clark Co.)
 Evergreen (Stevens Co.)
 Federal Way
 Ferndale
 Fife
 Finley
 Franklin Pierce
 Freeman
 Garfield
 Glenwood
 Goldendale
 Grand Coulee Dam
 Grandview
 Granger
 Granite Falls
 Grapeview
 Great Northern
 Green Mountain
 Griffin
 Harrington
 Highland
 Highline

Employers Covered by DRS-Administered Retirement Systems

As of June 30, 2014 – Page 7 of 9

School Districts (continued)

Hockinson	Mount Baker	Puyallup
Hood Canal	Mount Pleasant	Queets-Clearwater
Hoquiam	Mount Vernon	Quilcene
Inchelium	Mukilteo	Quillayute
Index	Naches Valley	Quinault Lake
Issaquah	Napavine	Quincy
Kahlotus	Naselle-Grays River Valley	Rainier
Kalama	Nespelem	Raymond
Keller	Newport	Reardan-Edwall
Kelso	Nine Mile Falls	Renton
Kennewick	Nooksack Valley	Republic
Kent	North Beach	Richland
Kettle Falls	North Franklin	Ridgefield
Kiona-Benton City	North Kitsap	Ritzville
Kittitas	North Mason	Riverside
Klickitat	North River	Riverview
La Center	North Thurston	Rochester
La Conner	Northport	Roosevelt
LaCrosse	Northshore	Rosalia
Lake Chelan	Oak Harbor	Royal
Lake Stevens	Oakesdale	Saint John
Lake Washington	Oakville	San Juan Island
Lakewood	Ocean Beach	Satsop
Lamont	Ocosta	Seattle
Liberty	Odessa	Sedro Woolley
Lind	Okanogan	Selah
Longview	Olympia	Selkirk
Loon Lake	Omak	Sequim
Lopez	Onalaska	Shaw Island
Lyle	Onion Creek	Shelton
Lynden	Orcas Island	Shoreline
Mabton	Orchard Prairie	Skamania
Mansfield	Orient	Skykomish
Manson	Orondo	Snohomish
Mary M. Knight	Oroville	Snoqualmie Valley
Mary Walker	Orting	Soap Lake
Marysville	Othello	South Bend
McCleary	Palisades	South Kitsap
Mead	Palouse	South Whidbey
Medical Lake	Pasco	Southside
Mercer Island	Pateros	Spokane Public Schools
Meridian	Paterson	Sprague
Methow Valley	Pe Ell	Stanwood-Camano
Mill A	Peninsula	Star
Monroe	Pioneer	Starbuck
Montesano	Pomeroy	Stehekin
Morton	Port Angeles	Steilacoom Historical
Moses Lake	Port Townsend	Steptoe
Mossyrock	Prescott	Stevenson-Carson
Mount Adams	Prosser	Sultan
	Pullman	Summit

Employers Covered by DRS-Administered Retirement Systems

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School Districts (continued)

Sumner
Sunnyside
Tacoma
Taholah
Tahoma
Tekoa
Tenino
Thorp
Toledo
Tonasket
Toppenish
Touchet
Toutle Lake
Trout Lake
Tukwila
Tumwater
Union Gap
University Place
Valley
Vancouver
Vashon Island
Wahkiakum
Wahluke
Waitsburg
Walla Walla
Wapato
Warden Jr. Consolidated
Washougal
Washtucna
Waterville
Wellpinit
Wenatchee
West Valley (Spokane Co.)
West Valley (Yakima Co.)
White Pass
White River
White Salmon
Wilbur
Willapa Valley
Wilson Creek
Winlock
Wishkah Valley
Wishram
Woodland
Yakima
Yelm
Zillah

Transportation Authorities, Transportation Districts

Asotin Co.
Ben Franklin Transit
Chelan-Douglas P.T.B.A.
Clallam Transit System
Clark Co. P.T.B.A.
Columbia Co. Public Transportation
Grant Transit Auth.
Grays Harbor Transportation Auth.
Intercity Transit
Island Transit
Jefferson Transit Auth.
Kitsap Transit
Lewis P.T.B.A.
Mason Co. P.T.B.A.
Pacific Transit System
Pierce Co. P.T.B.A.
Snohomish Co. P.T.B.A.
Spokane
Regional Transportation Council
Spokane Transit Auth.
Valley Transit
Whatcom Transportation Auth.

Weed Control Districts

Grant Co. Noxious Weed Board
Grant Co. Weed Dist. 1 & 3
Pierce Co. Noxious Weed Board
Spokane Co.
Noxious Weed Control Board

Other Government Entities

Snohomish Co. Police Staff Auxiliary
South Correctional Entity
Tacoma-Pierce Co. Employment
& Training Consortium
WA School Information Processing
Cooperative

Component Units of the State of WA:

State Agencies

Administrative Office of the Courts
Archaeology-Historic Preservation
Board for Volunteer Firefighters
Board of Industrial
Insurance Appeals

Board of Tax Appeals
Center for Childhood
Deafness & Hearing Loss
Child Study & Treatment Center
Civil Legal Aide
Consolidated Support Services
Consolidated Technology Services
Corrections Health Services
County Road Administration Board
Court of Appeals
Dept. of Agriculture
Dept. of Commerce
Dept. of Corrections
Corrections Northeast Region
Corrections Northwest Region
Corrections Southeast Region
Corrections Southwest Region
Dept. of Early Learning
Dept. of Ecology
Dept. of Employment Security
Dept. of Enterprise Services
Dept. of Financial Institutions
Dept. of Fish & Wildlife
Dept. of Health
Dept. of Labor & Industries
Dept. of Licensing
Dept. of Natural Resources
Dept. of Retirement Systems
Dept. of Revenue
Dept. of Services for the Blind
Dept. of Social & Health Services (8)
Dept. of Transportation
Dept. of Veterans' Affairs
Eastern State Hospital
Eastern WA State Historical Society
Echo Glen Children's Center
Economic Development
Finance Auth.
Environmental & Land Use
Hearings Office
Fircrest School
Green Hill School
Health Care Facilities Auth.
House of Representatives
Indian Advisory Council
Innovate Washington
Joint Legislative Audit
& Review Committee
Joint Legislative Systems Committee
Joint Transportation Committee
Lakeland Village

Employers Covered by DRS-Administered Retirement Systems

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Component Units of the State of WA: State Agencies (continued)

Law Library
LEAP Committee
LEOFF Plan 2 Retirement Board
Liquor Control Board
Military Dept.
Naselle Youth Camp
Office of Administrative Hearings
Office of Financial Management
Office of Minority & Women's
Business Enterprises
Office of Public Defense
Office of the Attorney General
Office of Forecast Council
Office of the Governor
Office of the Insurance Commissioner
Office of Legislative Support Services
Office of the Lieutenant Governor
Office of the Secretary of State
Office of the State Actuary
Office of the State Auditor
Office of the State Treasurer
Puget Sound Partnership
Rainier School
Recreation & Conservation Office
Senate
Soldiers Home of WA State
Special Commitment Center
State Board for Community
& Technical Colleges
State Board of Accountancy
State of WA
Caseload Forecast Council
Statute Law Committee
Superintendent of Public Instruction
Supreme Court
Transportation Improvement Board
Veterans Home - Spokane
WA Pollution Liability
Insurance Agency
WA State Bar Association
WA State Ferries
WA State Health Care Auth.
WA State Historical Society
WA State Investment Board
WA State Patrol

WA State
School Director's Association
WA State School for the Blind
WA Veteran's Home
Western State Hospital
Workforce Training & Education
Coordinating Board
Yakima Valley School

Component Units of the State of WA: Community Colleges, Technical Colleges

Bates Technical College
Bellevue Community College
Bellingham Technical College
Big Bend Community College
Cascadia Community College
Centralia College
Clark Community College
Clover Park Technical College
Columbia Basin Community College
Edmonds Community College
Everett Community College
Grays Harbor College
Green River Community College
Highline Community College
Lake Washington
Institute of Technology
Lower Columbia Community College
Olympic College
Peninsula College
Pierce College
Renton Technical College
Seattle Community College
Shoreline Community College
Skagit Valley College
South Puget Sound Community College
Spokane Community College
Tacoma Community College
Walla Walla Community College
Wenatchee Valley College
Whatcom Community College
Yakima Valley College

State Commissions

African American Affairs
Apple
Arts
Asian American Affairs
Beef
Charter School
Columbia River Gorge
Conservation
Criminal Justice Training
Dairy Products
Fruit
Gambling
Grain
Hispanic Affairs
Hop
Horse Racing
Housing Finance
Human Rights
Judicial Conduct
Lottery
Parks & Recreation
Potato
Public Disclosure
Public Employment Relations
Puget Sound Pilotage
Salaries for Elected Officials
Traffic Safety
Tree Fruit Research
Utilities & Transportation
Wine

Universities

Central Washington University
Eastern Washington University
Evergreen State College
University of Washington
Washington State University
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Schedule of Benefit Recipients by Type of Benefit

Schedule of Benefit Recipients by Type of Benefit: PERS Plan 1 For the Twelve Months Ended June 30, 2013									
Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%	3 50%	4 66%
\$0-100**	219	201	9	1	8	176	34	7	2
101-200	289	221	—	21	47	209	46	32	2
201-300	1,016	744	1	62	209	686	219	99	12
301-400	1,358	998	9	80	271	895	325	131	7
401-500	1,498	1,051	2	91	354	971	317	196	14
501-600	1,646	1,157	1	98	390	1,048	365	214	19
601-700	1,812	1,305	—	87	420	1,163	373	255	21
701-800	1,894	1,325	—	84	485	1,179	364	317	34
801-900	1,814	1,300	1	96	417	1,142	350	293	29
901-1,000	1,878	1,404	2	89	383	1,241	329	283	25
Over 1,000	38,436	35,144	2	437	2,853	25,113	6,560	5,010	1,753
Totals	51,860	44,850	27	1,146	5,837	33,823	9,282	6,837	1,918

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; or **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life.

**Includes L&I holdoffs.

Schedule of Benefit Recipients by Type of Benefit: PERS Plan 2 For the Twelve Months Ended June 30, 2013									
Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%	3 50%	4 66%
\$0-100	431	266	—	116	49	276	122	21	12
101-200	1,457	951	—	327	179	1,000	367	64	26
201-300	1,837	1,365	—	262	210	1,243	461	105	28
301-400	1,875	1,394	—	236	245	1,246	472	110	47
401-500	1,831	1,418	—	191	222	1,200	451	124	56
501-600	1,800	1,427	—	174	199	1,127	486	126	61
601-700	1,652	1,363	—	116	173	1,049	443	115	45
701-800	1,694	1,432	—	117	145	1,102	389	136	67
801-900	1,638	1,430	—	82	126	1,078	378	114	68
901-1,000	1,548	1,388	—	65	95	1,019	331	133	65
Over 1,000	15,566	14,936	—	166	464	10,276	2,444	1,940	906
Totals	31,329	27,370	—	1,852	2,107	20,616	6,344	2,988	1,381

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; or **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life.

Schedule of Benefit Recipients by Type of Benefit: PERS Plan 3
For the Twelve Months Ended June 30, 2013

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%	3 50%	4 66%
\$0-100	28	10	—	10	8	11	16	1	—
101-200	153	102	—	26	25	87	54	11	1
201-300	310	264	—	18	28	205	78	17	10
301-400	244	210	—	12	22	149	67	15	13
401-500	238	213	—	6	19	157	51	21	9
501-600	198	184	—	7	7	136	37	19	6
601-700	162	156	—	1	5	114	26	16	6
701-800	128	120	—	3	5	86	21	11	10
801-900	96	91	—	—	5	63	19	11	3
901-1,000	89	86	—	1	2	50	22	11	6
Over 1,000	493	489	—	—	4	309	81	68	35
Totals	2,139	1,925	—	84	130	1,367	472	201	99

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; or **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life.

Schedule of Benefit Recipients by Type of Benefit: SERS Plan 2
For the Twelve Months Ended June 30, 2013

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%	3 50%	4 66%
\$0-100	51	14	—	26	11	24	21	4	2
101-200	384	289	—	59	36	261	102	11	10
201-300	512	428	—	48	36	363	119	19	11
301-400	544	476	—	39	29	399	102	27	16
401-500	517	464	—	28	25	380	90	32	15
501-600	470	431	—	21	18	352	78	29	11
601-700	408	384	—	8	16	294	74	28	12
701-800	336	319	—	9	8	244	59	27	6
801-900	297	288	—	2	7	229	34	27	7
901-1,000	282	273	—	2	7	212	37	26	7
Over 1,000	1,283	1,249	—	7	27	922	158	137	66
Totals	5,084	4,615	—	249	220	3,680	874	367	163

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; or **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life.

Schedule of Benefit Recipients by Type of Benefit (continued)

Schedule of Benefit Recipients by Type of Benefit: SERS Plan 3 For the Twelve Months Ended June 30, 2013									
Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%	3 50%	4 66%
\$0-100	159	135	—	15	9	109	42	6	2
101-200	815	740	—	30	45	575	195	30	15
201-300	881	830	—	17	34	634	180	44	23
301-400	668	639	—	9	20	533	100	23	12
401-500	409	401	—	3	5	298	60	34	17
501-600	278	272	—	1	5	206	42	19	11
601-700	208	205	—	1	2	158	21	21	8
701-800	166	163	—	2	1	121	18	20	7
801-900	134	132	—	2	—	90	22	17	5
901-1,000	80	79	—	—	1	60	11	5	4
Over 1,000	197	197	—	—	—	146	20	22	9
Totals	3,995	3,793	—	80	122	2,930	711	241	113

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; or **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life.

Schedule of Benefit Recipients by Type of Benefit: PSERS Plan 2 For the Twelve Months Ended June 30, 2013									
Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%	3 50%	4 66%
\$0-100	7	5	—	1	1	6	1	—	—
101-200	6	4	—	1	1	4	2	—	—
201-300	7	5	—	2	—	5	1	—	1
301-400	8	7	—	1	—	5	2	1	—
401-500	5	5	—	—	—	2	1	—	2
501-600	3	3	—	—	—	3	—	—	—
601-700	2	2	—	—	—	1	1	—	—
701-800	2	2	—	—	—	2	—	—	—
801-900	1	1	—	—	—	1	—	—	—
901-1,000	—	—	—	—	—	—	—	—	—
Over 1,000	2	2	—	—	—	2	—	—	—
Totals	43	36	—	5	2	31	8	1	3

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; or **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life.

Schedule of Benefit Recipients by Type of Benefit: TRS Plan 1
For the Twelve Months Ended June 30, 2013

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%	3 50%	4 66%
\$0-100	54	53	—	—	1	41	11	1	1
101-200	128	119	—	1	8	86	32	9	1
201-300	443	391	—	6	46	315	98	26	4
301-400	469	390	—	19	60	319	116	29	5
401-500	489	398	—	22	69	328	114	40	7
501-600	446	340	—	29	77	282	118	40	6
601-700	549	377	—	27	145	326	116	101	6
701-800	606	423	—	26	157	347	118	130	11
801-900	677	404	—	39	234	345	141	181	10
901-1,000	662	426	—	25	211	324	129	200	9
Over 1,000	31,389	29,226	—	418	1,745	19,923	6,220	3,882	1,364
Totals	35,912	32,547	—	612	2,753	22,636	7,213	4,639	1,424

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; or **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life.

Schedule of Benefit Recipients by Type of Benefit: TRS Plan 2
For the Twelve Months Ended June 30, 2013

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%	3 50%	4 66%
\$0-100	38	31	—	4	3	30	7	1	—
101-200	55	44	—	8	3	34	14	3	4
201-300	74	66	—	6	2	54	13	7	—
301-400	109	91	—	9	9	78	27	3	1
401-500	124	107	—	4	13	77	38	7	2
501-600	121	103	—	8	10	83	18	10	10
601-700	134	111	—	9	14	88	36	4	6
701-800	134	118	—	4	12	79	35	14	6
801-900	148	125	—	10	13	88	39	13	8
901-1,000	133	112	—	7	14	84	34	11	4
Over 1,000	2,375	2,311	—	18	46	1,627	364	246	138
Totals	3,445	3,219	—	87	139	2,322	625	319	179

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; or **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life.

Schedule of Benefit Recipients by Type of Benefit (continued)

Schedule of Benefit Recipients by Type of Benefit: TRS Plan 3 For the Twelve Months Ended June 30, 2013									
Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%	3 50%	4 66%
\$0-100	56	30	—	14	12	30	24	2	—
101-200	192	133	—	22	37	107	72	7	6
201-300	374	309	—	15	50	222	123	20	9
301-400	402	352	—	12	38	278	92	18	14
401-500	402	367	—	8	27	300	75	17	10
501-600	365	341	—	3	21	253	77	20	15
601-700	338	319	—	4	15	232	66	23	17
701-800	315	299	—	1	15	229	55	23	8
801-900	276	267	—	1	8	185	47	30	14
901-1,000	249	241	—	1	7	161	51	24	13
Over 1,000	1,894	1,870	—	2	22	1,308	289	194	103
Totals	4,863	4,528	—	83	252	3,305	971	378	209

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; or **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life.

Schedule of Benefit Recipients by Type of Benefit: LEOFF Plan 1 For the Twelve Months Ended June 30, 2013										
Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*				
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%**	3 50%**	4 66%**	A (Standard)
\$0-100	3	3	—	—	—	—	—	—	—	3
101-200	7	7	—	—	—	—	—	1	—	6
201-300	1	1	—	—	—	—	—	—	—	1
301-400	7	5	—	—	2	—	1	—	—	6
401-500	5	4	—	—	1	—	—	—	—	5
501-600	12	8	—	—	4	—	—	—	—	12
601-700	9	8	—	—	1	—	1	—	—	8
701-800	8	5	—	—	3	—	1	—	—	7
801-900	12	11	—	—	1	—	—	—	—	12
901-1,000	15	8	—	—	7	1	1	1	—	12
Over 1,000	7,650	2,594	3,106	450	1,500	50	479	55	61	7,005
Totals	7,729	2,654	3,106	450	1,519	51	483	57	61	7,077

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life; or **A (Standard)**: the standard option, 100% joint and survivor, with additional benefits to eligible children.

** Joint and survivor options are available for post-retirement marriages.

Schedule of Benefit Recipients by Type of Benefit: LEOFF Plan 2
For the Twelve Months Ended June 30, 2013

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%**	3 50%**	4 66%**
\$0-100	10	10	—	—	—	6	4	—	—
101-200	16	6	2	1	7	6	8	2	—
201-300	20	11	3	1	5	9	10	1	—
301-400	30	14	4	1	11	14	13	3	—
401-500	24	18	3	—	3	11	11	2	—
501-600	39	27	4	—	8	16	21	2	—
601-700	37	22	5	—	10	13	19	2	3
701-800	33	21	2	3	7	13	17	2	1
801-900	47	35	8	—	4	20	22	4	1
901-1,000	41	33	2	—	6	18	18	2	3
Over 1,000	2,485	2,134	213	34	104	1,106	805	326	248
Totals	2,782	2,331	246	40	165	1,232	948	346	256

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; or **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life.

** Joint and survivor options are available for post-retirement marriages.

Schedule of Benefit Recipients by Type of Benefit: WSPRS Plan 1
For the Twelve Months Ended June 30, 2013

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*		
		Service	Duty Disability	Nonduty Disability	Survivor Payment	A	B**	Life
\$0-100	—	—	—	—	—	—	—	—
101-200	2	2	—	—	—	2	—	—
201-300	—	—	—	—	—	—	—	—
301-400	1	1	—	—	—	—	1	—
401-500	1	1	—	—	—	1	—	—
501-600	—	—	—	—	—	—	—	—
601-700	1	—	—	—	1	1	—	—
701-800	6	2	—	—	4	4	2	—
801-900	6	1	—	—	5	6	—	—
901-1,000	8	1	—	—	7	8	—	—
Over 1,000	939	810	—	—	129	441	490	8
Totals	964	818	—	—	146	463	493	8

***A**: Standard option "A," 100% joint and survivor, with initial pension equal to the lesser of 50% AFC and 100% member's accrued benefit; or **B**: Option "B," 100% joint and survivor, with initial pension being the actuarial equivalent of the single life annuity.

Schedule of Benefit Recipients by Type of Benefit (continued)

Schedule of Benefit Recipients by Type of Benefit: JRS For the Twelve Months Ended June 30, 2013										
Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*				
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1 Life	2 100%**	3 50%**	4 66%**	A (Standard)
\$0-100	—	—	—	—	—	—	—	—	—	—
101-200	—	—	—	—	—	—	—	—	—	—
201-300	—	—	—	—	—	—	—	—	—	—
301-400	—	—	—	—	—	—	—	—	—	—
401-500	—	—	—	—	—	—	—	—	—	—
501-600	—	—	—	—	—	—	—	—	—	—
601-700	—	—	—	—	—	—	—	—	—	—
701-800	—	—	—	—	—	—	—	—	—	—
801-900	—	—	—	—	—	—	—	—	—	—
901-1,000	—	—	—	—	—	—	—	—	—	—
Over 1,000	114	72	—	—	42	—	7	—	1	106
Totals	114	72	—	—	42	—	7	—	1	106

***1 (Life)**: Retiree's lifetime; **2 (100%)**: Beneficiary receives same monthly benefit for life; **3 (50%)**: Beneficiary receives half the monthly benefit for life; **4 (66%)**: Beneficiary receives two-thirds the monthly benefit for life; or **A (Standard)**: the standard option, 50% joint and survivor, for eligible spouses.

** Joint and survivor options are available for post-retirement marriages.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PERS Plan 1						
Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$517.46	\$1,039.77	\$1,830.73	\$2,210.82	\$2,944.52	\$3,496.40
Average Final Salary (Monthly)	\$4,096.87	\$4,051.23	\$4,622.29	\$4,716.57	\$5,296.58	\$5,653.00
Number of Active Retirees	188	113	139	169	180	420
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$542.78	\$1,027.23	\$1,523.69	\$2,158.86	\$3,070.71	\$3,387.70
Average Final Salary (Monthly)	\$4,003.50	\$3,927.11	\$4,023.64	\$4,625.35	\$5,559.31	\$5,635.18
Number of Active Retirees	160	145	125	187	198	474
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$437.37	\$1,018.91	\$1,636.44	\$2,316.51	\$3,120.62	\$3,438.97
Average Final Salary (Monthly)	\$3,781.19	\$3,960.69	\$4,554.22	\$5,012.80	\$5,735.43	\$5,673.74
Number of Active Retirees	162	111	143	188	261	585
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$456.42	\$1,100.41	\$1,426.42	\$2,003.96	\$2,931.01	\$3,388.27
Average Final Salary (Monthly)	\$3,755.10	\$4,211.26	\$4,053.07	\$4,439.81	\$5,328.15	\$5,679.56
Number of Active Retirees	158	126	169	215	228	596
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$496.59	\$943.47	\$1,430.86	\$2,171.94	\$2,965.90	\$3,381.04
Average Final Salary (Monthly)	\$3,983.17	\$3,711.90	\$4,081.31	\$4,766.33	\$5,372.21	\$5,660.85
Number of Active Retirees	143	122	160	182	263	590
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$429.94	\$909.29	\$1,433.77	\$1,964.39	\$2,841.80	\$3,106.71
Average Final Salary (Monthly)	\$3,765.12	\$3,592.11	\$4,037.55	\$4,346.86	\$5,062.40	\$5,346.47
Number of Active Retirees	153	123	169	200	459	653
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$440.05	\$826.24	\$1,377.09	\$2,026.97	\$2,968.26	\$3,044.75
Average Final Salary (Monthly)	\$3,734.14	\$3,282.95	\$3,951.49	\$4,478.61	\$5,257.35	\$5,270.50
Number of Active Retirees	73	78	105	122	456	420
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$393.64	\$855.83	\$1,297.98	\$1,792.25	\$2,753.99	\$2,916.86
Average Final Salary (Monthly)	\$3,495.56	\$3,576.91	\$3,776.29	\$4,016.80	\$4,933.84	\$5,003.15
Number of Active Retirees	150	104	171	173	770	587
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$409.58	\$855.17	\$1,203.75	\$1,726.20	\$2,692.95	\$2,810.89
Average Final Salary (Monthly)	\$3,688.81	\$3,350.51	\$3,557.55	\$3,814.38	\$4,836.00	\$4,832.86
Number of Active Retirees	142	122	144	193	834	586
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$347.11	\$793.25	\$1,190.84	\$1,893.20	\$2,638.10	\$2,890.47
Average Final Salary (Monthly)	\$3,282.37	\$3,213.42	\$3,449.66	\$4,190.20	\$4,724.51	\$5,001.17
Number of Active Retirees	136	108	166	215	891	543

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited. Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement (continued)

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PERS Plan 2						
Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$486.05	\$1,082.39	\$1,525.94	\$1,947.79	\$2,681.87	\$3,529.08
Average Final Salary (Monthly)	\$3,934.94	\$4,373.18	\$4,574.85	\$4,996.22	\$5,328.35	\$5,938.56
Number of Active Retirees	823	653	544	724	546	492
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$480.30	\$1,074.08	\$1,491.74	\$1,869.00	\$2,561.98	\$3,266.37
Average Final Salary (Monthly)	\$3,701.65	\$4,256.13	\$4,532.75	\$4,857.44	\$5,227.28	\$5,651.05
Number of Active Retirees	735	556	526	679	446	372
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$462.97	\$957.39	\$1,570.18	\$1,779.72	\$2,645.09	\$3,149.46
Average Final Salary (Monthly)	\$3,651.50	\$3,916.39	\$4,754.82	\$4,662.49	\$5,270.42	\$5,560.87
Number of Active Retirees	606	420	478	545	523	305
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$476.80	\$891.24	\$1,407.69	\$1,646.55	\$2,529.93	\$3,002.36
Average Final Salary (Monthly)	\$3,592.08	\$3,644.54	\$4,246.31	\$4,405.77	\$5,011.27	\$5,291.83
Number of Active Retirees	461	403	489	430	435	157
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$424.97	\$952.70	\$1,323.26	\$1,620.48	\$2,440.27	\$2,885.16
Average Final Salary (Monthly)	\$3,322.80	\$3,831.80	\$4,055.40	\$4,246.60	\$4,820.87	\$5,267.21
Number of Active Retirees	510	331	408	414	409	73
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$428.50	\$867.23	\$1,264.67	\$1,531.82	\$2,071.13	\$2,835.47
Average Final Salary (Monthly)	\$3,337.39	\$3,555.64	\$3,875.64	\$4,225.02	\$4,490.65	\$6,197.09
Number of Active Retirees	538	347	432	362	235	1
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$429.68	\$817.10	\$1,261.88	\$1,561.89	\$1,850.45	\$—
Average Final Salary (Monthly)	\$3,251.50	\$3,407.38	\$3,902.20	\$4,152.54	\$4,176.21	\$—
Number of Active Retirees	303	225	239	223	131	—
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$381.31	\$840.64	\$1,153.19	\$1,443.59	\$1,861.25	\$—
Average Final Salary (Monthly)	\$3,096.35	\$3,495.45	\$3,599.48	\$4,014.82	\$4,159.12	\$—
Number of Active Retirees	397	289	318	308	130	—
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$371.37	\$815.79	\$1,182.15	\$1,441.42	\$1,778.30	\$2,157.26
Average Final Salary (Monthly)	\$3,005.28	\$3,321.68	\$3,659.92	\$3,939.40	\$4,158.20	\$5,347.53
Number of Active Retirees	352	346	317	262	81	1
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$357.19	\$796.20	\$1,105.47	\$1,413.09	\$1,641.65	\$3,148.28
Average Final Salary (Monthly)	\$2,790.65	\$3,311.56	\$3,463.09	\$3,809.36	\$3,766.28	\$5,874.68
Number of Active Retirees	309	316	289	243	32	2

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited.
Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PERS Plan 3

Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$349.56	\$464.15	\$732.71	\$1,079.98	\$1,456.36	\$1,701.71
Average Final Salary (Monthly)	\$4,695.89	\$4,418.39	\$4,744.94	\$5,710.41	\$5,865.60	\$5,987.62
Number of Active Retirees	84	56	68	67	48	52
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$287.76	\$435.93	\$704.13	\$940.02	\$1,415.65	\$1,796.37
Average Final Salary (Monthly)	\$4,436.89	\$4,220.74	\$4,816.97	\$5,293.55	\$5,929.81	\$6,378.63
Number of Active Retirees	58	60	61	70	61	37
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$241.09	\$404.62	\$682.89	\$935.99	\$1,393.48	\$1,664.84
Average Final Salary (Monthly)	\$4,045.67	\$3,928.43	\$4,681.79	\$4,828.04	\$5,589.99	\$6,199.43
Number of Active Retirees	30	45	64	56	49	18
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$206.96	\$372.48	\$650.80	\$898.92	\$1,237.32	\$1,399.82
Average Final Salary (Monthly)	\$3,977.34	\$3,840.32	\$4,624.96	\$4,778.36	\$5,284.05	\$5,238.95
Number of Active Retirees	14	41	50	40	30	17
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$203.00	\$370.16	\$590.03	\$868.92	\$1,140.46	\$959.19
Average Final Salary (Monthly)	\$3,144.81	\$3,813.15	\$4,340.40	\$5,186.33	\$5,312.97	\$3,803.49
Number of Active Retirees	22	39	40	38	32	1
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$221.06	\$345.57	\$542.98	\$800.74	\$1,220.33	\$-
Average Final Salary (Monthly)	\$3,288.42	\$4,204.58	\$4,249.64	\$4,623.07	\$5,530.27	\$-
Number of Active Retirees	23	32	44	22	15	-
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$248.25	\$355.02	\$492.07	\$825.20	\$1,066.43	\$-
Average Final Salary (Monthly)	\$3,227.02	\$4,094.89	\$3,994.40	\$4,749.23	\$5,518.83	\$-
Number of Active Retirees	9	24	34	25	11	-
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$250.54	\$330.93	\$430.38	\$781.75	\$848.25	\$-
Average Final Salary (Monthly)	\$4,241.98	\$3,707.32	\$4,000.23	\$4,518.98	\$4,933.97	\$-
Number of Active Retirees	12	34	51	21	10	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$285.06	\$297.72	\$483.21	\$675.71	\$1,070.36	\$-
Average Final Salary (Monthly)	\$3,613.75	\$3,779.45	\$4,041.78	\$4,262.63	\$5,475.22	\$-
Number of Active Retirees	14	35	36	18	2	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$251.18	\$275.34	\$466.69	\$604.86	\$601.39	\$1,078.98
Average Final Salary (Monthly)	\$3,795.68	\$3,559.40	\$3,829.15	\$4,127.26	\$3,584.08	\$4,515.84
Number of Active Retirees	4	46	38	24	1	1

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited.
Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement (continued)

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: SERS Plan 2						
Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$295.83	\$547.42	\$867.06	\$984.72	\$1,587.72	\$2,455.16
Average Final Salary (Monthly)	\$2,552.68	\$2,277.65	\$2,634.94	\$2,549.87	\$3,178.29	\$4,042.17
Number of Active Retirees	109	137	132	151	97	43
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$277.30	\$561.49	\$773.26	\$1,081.18	\$1,519.44	\$2,026.86
Average Final Salary (Monthly)	\$2,044.49	\$2,295.27	\$2,292.04	\$2,755.05	\$3,061.83	\$3,424.90
Number of Active Retirees	77	141	143	145	79	42
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$325.48	\$534.80	\$792.65	\$980.32	\$1,455.60	\$2,150.54
Average Final Salary (Monthly)	\$2,239.23	\$2,126.03	\$2,341.99	\$2,488.89	\$2,963.79	\$3,471.57
Number of Active Retirees	83	105	135	95	75	22
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$329.64	\$499.38	\$697.76	\$959.01	\$1,466.33	\$1,877.92
Average Final Salary (Monthly)	\$2,325.81	\$2,018.06	\$2,147.60	\$2,636.97	\$2,910.30	\$3,246.34
Number of Active Retirees	76	102	94	86	56	18
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$306.14	\$490.36	\$717.17	\$982.85	\$1,597.73	\$2,427.76
Average Final Salary (Monthly)	\$1,974.14	\$2,020.86	\$2,133.43	\$2,542.47	\$3,044.62	\$3,936.89
Number of Active Retirees	97	91	86	89	47	1
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$264.20	\$507.62	\$746.45	\$894.39	\$1,357.45	\$-
Average Final Salary (Monthly)	\$1,758.78	\$2,124.83	\$2,279.37	\$2,301.53	\$2,921.83	\$-
Number of Active Retirees	93	86	98	99	39	-
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$235.84	\$463.48	\$688.93	\$1,068.36	\$1,199.69	\$-
Average Final Salary (Monthly)	\$1,673.42	\$1,807.94	\$2,101.47	\$2,811.31	\$2,836.34	\$-
Number of Active Retirees	43	52	43	43	18	-
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$227.30	\$481.10	\$700.31	\$807.10	\$1,220.00	\$-
Average Final Salary (Monthly)	\$1,624.78	\$1,907.18	\$2,240.95	\$2,255.18	\$3,008.47	\$-
Number of Active Retirees	84	84	93	81	32	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$231.01	\$446.11	\$677.70	\$808.30	\$1,134.52	\$-
Average Final Salary (Monthly)	\$1,747.89	\$1,799.64	\$2,082.32	\$2,173.51	\$2,455.74	\$-
Number of Active Retirees	62	67	58	91	23	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$236.39	\$417.64	\$830.21	\$789.63	\$1,092.79	\$-
Average Final Salary (Monthly)	\$1,576.56	\$1,693.92	\$2,522.60	\$2,095.77	\$2,611.95	\$-
Number of Active Retirees	86	69	60	97	11	-

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited.
Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: SERS Plan 3

Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$177.27	\$265.79	\$355.84	\$568.30	\$814.29	\$1,043.69
Average Final Salary (Monthly)	\$2,488.97	\$2,326.54	\$2,309.34	\$2,813.97	\$3,255.70	\$3,449.99
Number of Active Retirees	132	138	162	184	106	48
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$162.22	\$264.03	\$350.01	\$557.10	\$748.97	\$946.98
Average Final Salary (Monthly)	\$2,333.34	\$2,426.20	\$2,244.00	\$2,853.50	\$2,945.74	\$3,105.56
Number of Active Retirees	107	81	150	160	78	31
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$199.62	\$265.46	\$347.98	\$527.52	\$801.12	\$970.47
Average Final Salary (Monthly)	\$2,644.80	\$2,303.44	\$2,351.06	\$2,730.05	\$3,289.12	\$3,223.70
Number of Active Retirees	76	81	133	131	86	28
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$179.29	\$250.79	\$345.57	\$504.72	\$737.83	\$1,141.89
Average Final Salary (Monthly)	\$2,441.66	\$2,254.72	\$2,330.69	\$2,659.54	\$2,888.18	\$4,035.92
Number of Active Retirees	41	46	77	92	39	5
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$142.97	\$253.20	\$325.52	\$458.37	\$660.37	\$851.43
Average Final Salary (Monthly)	\$2,070.97	\$2,338.58	\$2,190.72	\$2,412.90	\$2,879.59	\$2,972.85
Number of Active Retirees	43	50	106	88	47	3
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$179.78	\$222.28	\$309.46	\$448.52	\$688.02	\$-
Average Final Salary (Monthly)	\$2,549.16	\$2,011.46	\$2,321.32	\$2,566.71	\$3,084.89	\$-
Number of Active Retirees	25	62	100	80	35	-
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$120.59	\$215.61	\$327.88	\$370.12	\$803.06	\$-
Average Final Salary (Monthly)	\$2,141.06	\$2,086.67	\$2,413.29	\$2,203.55	\$3,744.44	\$-
Number of Active Retirees	12	37	56	42	15	-
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$158.83	\$209.91	\$294.67	\$345.13	\$533.98	\$-
Average Final Salary (Monthly)	\$2,050.86	\$2,042.36	\$2,119.57	\$2,091.65	\$2,833.81	\$-
Number of Active Retirees	18	56	74	57	16	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$170.25	\$223.05	\$255.66	\$372.45	\$411.51	\$-
Average Final Salary (Monthly)	\$2,422.04	\$2,030.62	\$1,944.44	\$2,217.29	\$2,113.99	\$-
Number of Active Retirees	11	52	88	46	10	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$164.16	\$178.43	\$260.42	\$418.11	\$455.03	\$-
Average Final Salary (Monthly)	\$2,235.27	\$1,796.28	\$1,911.45	\$2,453.85	\$2,722.73	\$-
Number of Active Retirees	12	44	66	40	3	-

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited.
Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement (continued)

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PSERS Plan 2*						
Retirement Effective Dates**	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$510.68	\$—	\$—	\$—	\$—	\$—
Average Final Salary (Monthly)	\$5,261.25	\$—	\$—	\$—	\$—	\$—
Number of Active Retirees	16	—	—	—	—	—
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$339.82	\$—	\$—	\$—	\$—	\$—
Average Final Salary (Monthly)	\$4,376.32	\$—	\$—	\$—	\$—	\$—
Number of Active Retirees	9	—	—	—	—	—
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$324.12	\$—	\$—	\$—	\$—	\$—
Average Final Salary (Monthly)	\$4,822.01	\$—	\$—	\$—	\$—	\$—
Number of Active Retirees	6	—	—	—	—	—
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$271.60	\$—	\$—	\$—	\$—	\$—
Average Final Salary (Monthly)	\$5,230.39	\$—	\$—	\$—	\$—	\$—
Number of Active Retirees	3	—	—	—	—	—

*PSERS Plan 2 became effective July 1, 2006.

**Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited. Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 1

Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$470.00	\$1,123.24	\$1,894.30	\$2,644.85	\$3,539.29	\$3,775.79
Average Final Salary (Monthly)	\$3,065.75	\$4,277.86	\$5,538.86	\$6,107.19	\$6,783.63	\$6,667.23
Number of Active Retirees	59	51	61	94	102	350
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$536.53	\$1,127.71	\$1,649.43	\$2,643.64	\$3,191.03	\$3,629.98
Average Final Salary (Monthly)	\$3,395.33	\$4,447.26	\$5,174.59	\$5,944.53	\$6,243.29	\$6,622.17
Number of Active Retirees	60	50	69	122	134	406
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$438.41	\$977.55	\$1,754.50	\$2,556.44	\$3,356.41	\$3,665.13
Average Final Salary (Monthly)	\$2,703.33	\$3,893.89	\$5,064.15	\$5,972.05	\$6,503.81	\$6,557.94
Number of Active Retirees	63	63	82	143	165	475
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$438.54	\$989.00	\$1,631.06	\$2,361.44	\$3,124.49	\$3,493.23
Average Final Salary (Monthly)	\$3,228.12	\$3,923.42	\$4,939.54	\$5,582.54	\$6,092.38	\$6,401.14
Number of Active Retirees	74	56	72	128	132	330
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$453.06	\$1,006.59	\$1,618.97	\$2,354.28	\$2,904.77	\$3,314.77
Average Final Salary (Monthly)	\$3,243.52	\$4,073.33	\$5,030.12	\$5,709.31	\$5,870.41	\$6,261.55
Number of Active Retirees	66	69	90	164	176	443
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$418.90	\$1,013.91	\$1,591.61	\$2,227.52	\$2,928.20	\$2,893.41
Average Final Salary (Monthly)	\$2,808.31	\$4,134.13	\$4,821.23	\$5,317.30	\$5,904.30	\$5,809.84
Number of Active Retirees	66	57	114	192	408	531
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$348.74	\$839.10	\$1,321.85	\$1,820.11	\$2,848.13	\$2,588.78
Average Final Salary (Monthly)	\$2,641.07	\$3,364.49	\$4,122.54	\$4,444.75	\$5,736.18	\$5,917.60
Number of Active Retirees	39	35	45	40	55	24
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$367.34	\$1,011.54	\$1,519.99	\$2,017.00	\$2,817.52	\$2,880.89
Average Final Salary (Monthly)	\$2,936.42	\$4,174.56	\$4,765.76	\$5,018.16	\$5,632.88	\$5,640.67
Number of Active Retirees	61	58	100	157	486	465
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$389.23	\$870.30	\$1,416.79	\$2,105.47	\$2,726.57	\$2,727.08
Average Final Salary (Monthly)	\$3,167.27	\$3,608.64	\$4,393.83	\$4,973.52	\$5,501.61	\$5,466.36
Number of Active Retirees	62	72	117	153	551	484
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$356.95	\$875.67	\$1,363.14	\$1,925.47	\$2,657.77	\$2,777.56
Average Final Salary (Monthly)	\$2,662.53	\$3,897.99	\$4,303.80	\$4,830.72	\$5,458.75	\$5,633.93
Number of Active Retirees	55	86	127	176	632	441

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited.
Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 2						
Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$483.41	\$1,029.99	\$1,904.03	\$2,302.44	\$2,928.52	\$3,588.57
Average Final Salary (Monthly)	\$3,666.26	\$4,265.74	\$5,590.87	\$5,843.14	\$5,920.89	\$6,298.04
Number of Active Retirees	53	40	129	97	53	37
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$469.38	\$1,098.85	\$1,815.96	\$2,256.40	\$2,970.89	\$3,762.08
Average Final Salary (Monthly)	\$3,553.53	\$4,411.40	\$5,558.73	\$5,771.40	\$6,059.92	\$6,219.80
Number of Active Retirees	79	54	98	97	48	33
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$417.71	\$1,147.78	\$1,783.60	\$2,052.93	\$3,094.93	\$3,559.00
Average Final Salary (Monthly)	\$3,507.78	\$4,578.42	\$5,406.28	\$5,582.93	\$6,034.27	\$6,283.35
Number of Active Retirees	59	66	92	54	52	19
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$511.71	\$1,228.38	\$1,902.99	\$2,012.05	\$3,025.53	\$3,167.60
Average Final Salary (Monthly)	\$3,830.95	\$4,964.28	\$5,759.54	\$5,413.19	\$5,762.55	\$5,520.72
Number of Active Retirees	42	47	47	42	41	13
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$520.28	\$1,146.03	\$1,602.18	\$2,141.67	\$2,938.41	\$3,665.93
Average Final Salary (Monthly)	\$3,516.21	\$4,585.47	\$5,136.98	\$5,467.87	\$5,809.95	\$6,295.83
Number of Active Retirees	35	44	62	46	43	2
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$537.82	\$1,086.65	\$1,606.56	\$1,966.69	\$2,706.92	\$—
Average Final Salary (Monthly)	\$3,638.09	\$4,523.98	\$5,073.16	\$5,226.25	\$5,376.41	\$—
Number of Active Retirees	37	52	67	42	20	—
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$375.95	\$970.16	\$1,585.44	\$1,911.48	\$2,622.91	\$—
Average Final Salary (Monthly)	\$3,634.96	\$4,054.58	\$4,891.30	\$5,337.42	\$5,601.05	\$—
Number of Active Retirees	24	28	20	16	5	—
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$515.76	\$1,042.26	\$1,516.39	\$1,875.65	\$2,282.00	\$—
Average Final Salary (Monthly)	\$3,562.09	\$4,270.10	\$4,672.24	\$4,924.09	\$4,870.42	\$—
Number of Active Retirees	47	49	48	53	18	—
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$512.93	\$1,041.49	\$1,465.30	\$1,971.26	\$2,102.62	\$—
Average Final Salary (Monthly)	\$3,572.31	\$4,406.34	\$4,563.44	\$5,059.40	\$4,870.05	\$—
Number of Active Retirees	51	49	57	47	15	—
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$415.43	\$952.94	\$1,417.11	\$1,996.13	\$1,917.24	\$—
Average Final Salary (Monthly)	\$3,309.83	\$3,949.77	\$4,525.46	\$4,927.74	\$4,654.53	\$—
Number of Active Retirees	39	43	37	34	8	—

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited. Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 3

Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$345.92	\$593.34	\$961.44	\$1,242.35	\$1,572.79	\$1,909.04
Average Final Salary (Monthly)	\$4,553.37	\$5,264.59	\$5,891.15	\$6,152.65	\$6,282.97	\$6,453.23
Number of Active Retirees	150	179	165	227	167	140
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$331.43	\$570.43	\$863.21	\$1,139.55	\$1,610.39	\$1,737.76
Average Final Salary (Monthly)	\$4,727.90	\$5,068.13	\$5,473.33	\$5,966.01	\$6,235.28	\$6,143.64
Number of Active Retirees	108	164	151	184	131	105
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$336.03	\$545.30	\$831.33	\$1,125.89	\$1,568.81	\$1,686.38
Average Final Salary (Monthly)	\$4,553.15	\$4,830.15	\$5,435.01	\$5,780.35	\$6,160.69	\$6,065.22
Number of Active Retirees	106	113	122	136	120	68
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$319.39	\$545.45	\$786.31	\$1,078.33	\$1,453.56	\$1,699.32
Average Final Salary (Monthly)	\$4,468.37	\$4,766.92	\$5,254.99	\$5,634.96	\$5,839.55	\$5,992.94
Number of Active Retirees	79	73	91	75	79	22
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$303.61	\$547.01	\$796.81	\$993.91	\$1,500.99	\$1,419.21
Average Final Salary (Monthly)	\$4,534.11	\$5,211.68	\$5,389.18	\$5,394.30	\$5,833.52	\$5,397.36
Number of Active Retirees	76	53	84	77	83	5
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$267.19	\$514.88	\$753.87	\$923.79	\$1,207.54	\$—
Average Final Salary (Monthly)	\$3,949.74	\$4,680.85	\$5,313.06	\$5,444.54	\$5,366.59	\$—
Number of Active Retirees	62	60	89	78	48	—
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$254.63	\$452.49	\$712.80	\$1,061.00	\$1,243.51	\$—
Average Final Salary (Monthly)	\$4,146.59	\$4,575.87	\$4,909.18	\$5,447.02	\$5,750.52	\$—
Number of Active Retirees	19	22	24	22	4	—
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$297.95	\$448.22	\$666.82	\$869.07	\$1,101.94	\$—
Average Final Salary (Monthly)	\$4,392.04	\$4,659.35	\$4,950.00	\$5,187.16	\$5,239.94	\$—
Number of Active Retirees	32	45	73	41	20	—
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$234.33	\$447.08	\$690.49	\$959.64	\$985.06	\$—
Average Final Salary (Monthly)	\$3,873.88	\$4,905.43	\$4,783.98	\$5,249.36	\$4,894.49	\$—
Number of Active Retirees	31	42	31	44	5	—
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$226.49	\$370.52	\$577.81	\$880.22	\$932.39	\$—
Average Final Salary (Monthly)	\$3,739.73	\$4,166.11	\$4,685.49	\$4,953.13	\$4,994.64	\$—
Number of Active Retirees	27	34	43	27	7	—

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited. Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: LEOFF Plan 1						
Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$—	\$—	\$—	\$—	\$—	\$7,105.97
Average Final Salary (Monthly)	\$—	\$—	\$—	\$—	\$—	\$9,171.69
Number of Active Retirees	—	—	—	—	—	42
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$—	\$—	\$—	\$—	\$—	\$6,776.58
Average Final Salary (Monthly)	\$—	\$—	\$—	\$—	\$—	\$8,906.14
Number of Active Retirees	—	—	—	—	—	63
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$—	\$2,608.42	\$—	\$—	\$3,770.38	\$6,799.27
Average Final Salary (Monthly)	\$—	\$12,347.54	\$—	\$—	\$6,693.02	\$9,117.73
Number of Active Retirees	—	1	—	—	1	49
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$—	\$—	\$—	\$—	\$5,846.14	\$6,727.58
Average Final Salary (Monthly)	\$—	\$—	\$—	\$—	\$9,964.96	\$9,156.08
Number of Active Retirees	—	—	—	—	1	56
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$—	\$—	\$—	\$—	\$8,876.88	\$5,773.59
Average Final Salary (Monthly)	\$—	\$—	\$—	\$—	\$13,656.74	\$8,293.04
Number of Active Retirees	—	—	—	—	1	67
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$—	\$737.71	\$—	\$4,083.42	\$3,717.62	\$5,275.22
Average Final Salary (Monthly)	\$—	\$2,147.00	\$—	\$8,695.24	\$6,687.05	\$7,715.25
Number of Active Retirees	—	1	—	2	9	85
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$—	\$1,086.32	\$—	\$—	\$3,785.27	\$5,086.57
Average Final Salary (Monthly)	\$—	\$5,203.92	\$—	\$—	\$6,727.37	\$7,548.05
Number of Active Retirees	—	1	—	—	20	63
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$3,627.67	\$—	\$—	\$3,307.40	\$3,999.96	\$4,870.88
Average Final Salary (Monthly)	\$6,595.75	\$—	\$—	\$6,549.30	\$7,140.56	\$7,484.82
Number of Active Retirees	1	—	—	1	47	80
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$—	\$770.99	\$3,204.91	\$2,402.75	\$3,702.10	\$4,478.06
Average Final Salary (Monthly)	\$—	\$2,796.81	\$6,409.82	\$5,085.81	\$6,565.39	\$6,917.86
Number of Active Retirees	—	1	1	2	45	76
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$2,572.50	\$1,219.55	\$1,648.30	\$2,950.79	\$3,428.97	\$4,325.06
Average Final Salary (Monthly)	\$5,145.00	\$3,222.11	\$4,381.50	\$5,839.05	\$6,314.70	\$6,624.47
Number of Active Retirees	1	2	2	6	71	66

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited. Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: LEOFF Plan 2

Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$751.29	\$1,612.33	\$2,510.38	\$3,404.26	\$4,547.01	\$5,529.49
Average Final Salary (Monthly)	\$5,948.81	\$6,336.73	\$7,145.42	\$7,691.69	\$8,400.58	\$9,100.80
Number of Active Retirees	27	25	32	63	123	132
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$918.50	\$1,913.13	\$2,270.71	\$3,261.72	\$4,377.04	\$5,398.33
Average Final Salary (Monthly)	\$5,730.21	\$7,272.37	\$6,685.73	\$7,510.37	\$8,172.98	\$8,963.58
Number of Active Retirees	21	17	30	61	82	112
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$786.80	\$1,346.38	\$2,628.43	\$3,229.83	\$4,442.23	\$5,010.17
Average Final Salary (Monthly)	\$6,436.60	\$5,505.96	\$7,191.87	\$7,200.29	\$8,131.03	\$8,349.92
Number of Active Retirees	21	17	31	71	104	73
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$802.80	\$1,430.37	\$2,176.26	\$2,935.73	\$4,107.79	\$4,329.19
Average Final Salary (Monthly)	\$5,885.87	\$5,662.91	\$6,203.07	\$6,911.64	\$7,594.47	\$7,264.63
Number of Active Retirees	24	17	21	43	99	33
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$826.57	\$1,481.13	\$2,064.59	\$2,981.51	\$3,846.34	\$4,459.60
Average Final Salary (Monthly)	\$6,372.71	\$5,884.19	\$5,940.37	\$6,704.73	\$7,298.28	\$7,742.83
Number of Active Retirees	15	17	29	42	83	13
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$782.60	\$1,146.25	\$2,063.68	\$2,806.54	\$3,455.45	\$—
Average Final Salary (Monthly)	\$5,913.15	\$5,141.47	\$6,100.96	\$6,573.92	\$6,853.86	\$—
Number of Active Retirees	16	18	26	47	81	—
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$730.74	\$1,419.11	\$2,036.97	\$2,944.90	\$3,301.90	\$3,326.98
Average Final Salary (Monthly)	\$5,214.92	\$5,723.21	\$6,063.32	\$6,574.48	\$6,490.35	\$6,032.87
Number of Active Retirees	10	15	24	37	37	1
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$603.71	\$1,133.58	\$1,965.38	\$2,733.20	\$3,186.75	\$—
Average Final Salary (Monthly)	\$4,482.80	\$4,740.11	\$5,532.82	\$6,249.84	\$6,319.38	\$—
Number of Active Retirees	16	19	24	65	41	—
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$691.80	\$1,256.62	\$1,922.51	\$2,575.48	\$2,965.91	\$—
Average Final Salary (Monthly)	\$4,885.48	\$5,170.23	\$5,657.35	\$5,805.46	\$6,128.98	\$—
Number of Active Retirees	15	12	18	45	30	—
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$801.24	\$1,298.02	\$1,819.42	\$2,342.40	\$3,069.32	\$—
Average Final Salary (Monthly)	\$5,595.05	\$5,158.93	\$5,350.85	\$5,471.12	\$6,524.11	\$—
Number of Active Retirees	18	12	31	36	7	—

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited.
Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: WSPRS Plan 1						
Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$—	\$1,946.46	\$3,228.52	\$3,916.57	\$4,033.93	\$5,808.61
Average Final Salary (Monthly)	\$—	\$7,447.17	\$9,971.82	\$8,046.79	\$7,561.30	\$8,363.83
Number of Active Retirees	—	2	2	12	30	9
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$332.19	\$1,371.65	\$1,641.71	\$4,047.82	\$4,524.91	\$3,944.59
Average Final Salary (Monthly)	\$4,280.74	\$5,911.76	\$5,475.29	\$7,926.38	\$8,487.26	\$6,294.76
Number of Active Retirees	1	2	2	19	20	3
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$—	\$—	\$1,300.91	\$3,981.43	\$4,307.44	\$3,807.43
Average Final Salary (Monthly)	\$—	\$—	\$5,279.73	\$7,767.77	\$7,696.70	\$6,534.53
Number of Active Retirees	—	—	1	14	20	1
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$—	\$—	\$—	\$3,603.10	\$5,653.44	\$5,437.71
Average Final Salary (Monthly)	\$—	\$—	\$—	\$7,241.18	\$9,302.30	\$8,000.30
Number of Active Retirees	—	—	—	9	10	3
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$—	\$—	\$—	\$3,205.87	\$3,984.48	\$5,748.34
Average Final Salary (Monthly)	\$—	\$—	\$—	\$6,495.52	\$7,139.94	\$8,014.31
Number of Active Retirees	—	—	—	2	7	3
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$395.27	\$—	\$—	\$3,166.53	\$4,129.05	\$4,313.40
Average Final Salary (Monthly)	\$5,784.65	\$—	\$—	\$6,685.85	\$7,573.82	\$6,621.25
Number of Active Retirees	1	—	—	5	6	6
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$—	\$1,385.52	\$2,000.54	\$—	\$3,887.12	\$4,422.67
Average Final Salary (Monthly)	\$—	\$5,980.57	\$5,755.62	\$—	\$7,254.30	\$6,698.61
Number of Active Retirees	—	1	1	—	5	6
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$—	\$—	\$—	\$—	\$3,488.08	\$3,996.14
Average Final Salary (Monthly)	\$—	\$—	\$—	\$—	\$6,559.78	\$6,112.68
Number of Active Retirees	—	—	—	—	15	7
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$—	\$—	\$—	\$3,235.65	\$3,459.02	\$3,777.55
Average Final Salary (Monthly)	\$—	\$—	\$—	\$6,646.16	\$6,515.54	\$5,821.81
Number of Active Retirees	—	—	—	11	17	9
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$928.66	\$1,025.81	\$1,499.18	\$3,407.73	\$3,868.03	\$4,105.68
Average Final Salary (Monthly)	\$7,410.04	\$3,907.07	\$3,871.44	\$6,922.32	\$6,944.49	\$6,321.05
Number of Active Retirees	1	2	1	7	9	10

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited. Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: JRS

Retirement Effective Dates*	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$—	\$—	\$—	\$—	\$9,302.01	\$—
Average Final Salary (Monthly)	\$—	\$—	\$—	\$—	\$12,402.68	\$—
Number of Active Retirees	—	—	—	—	2	—
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$—	\$—	\$—	\$—	\$—	\$10,263.81
Average Final Salary (Monthly)	\$—	\$—	\$—	\$—	\$—	\$13,685.08
Number of Active Retirees	—	—	—	—	—	1
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$—	\$—	\$—	\$—	\$7,376.49	\$9,302.01
Average Final Salary (Monthly)	\$—	\$—	\$—	\$—	\$12,402.68	\$12,402.68
Number of Active Retirees	—	—	—	—	1	1
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$—	\$—	\$—	\$7,904.34	\$8,292.69	\$9,770.51
Average Final Salary (Monthly)	\$—	\$—	\$—	\$13,027.34	\$12,402.60	\$13,027.34
Number of Active Retirees	—	—	—	1	2	1
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$—	\$—	\$5,286.59	\$9,301.95	\$—	\$—
Average Final Salary (Monthly)	\$—	\$—	\$10,367.60	\$12,402.60	\$—	\$—
Number of Active Retirees	—	—	1	1	—	—
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$—	\$—	\$—	\$—	\$—	\$9,255.00
Average Final Salary (Monthly)	\$—	\$—	\$—	\$—	\$—	\$12,340.00
Number of Active Retirees	—	—	—	—	—	1
Period 10/1/06 to 6/30/07						
Average Monthly Benefit	\$—	\$—	\$—	\$—	\$—	\$—
Average Final Salary (Monthly)	\$—	\$—	\$—	\$—	\$—	\$—
Number of Active Retirees	—	—	—	—	—	—
Period 10/1/05 to 9/30/06						
Average Monthly Benefit	\$—	\$—	\$6,242.30	\$—	\$8,412.38	\$—
Average Final Salary (Monthly)	\$—	\$—	\$9,987.16	\$—	\$11,216.50	\$—
Number of Active Retirees	—	—	2	—	1	—
Period 10/1/04 to 9/30/05						
Average Monthly Benefit	\$—	\$—	\$6,599.62	\$7,561.62	\$—	\$—
Average Final Salary (Monthly)	\$—	\$—	\$9,920.07	\$10,724.95	\$—	\$—
Number of Active Retirees	—	—	3	3	—	—
Period 10/1/03 to 9/30/04						
Average Monthly Benefit	\$—	\$—	\$—	\$7,696.44	\$—	\$—
Average Final Salary (Monthly)	\$—	\$—	\$—	\$10,334.99	\$—	\$—
Number of Active Retirees	—	—	—	3	—	—

*Average Monthly Benefit and Average Final Salary (Monthly) figures include members at retirement who may not be audited.
Retirees with missing or invalid data elements were excluded.

Source: Washington State Office of the State Actuary

Schedule of Benefit Expenses and Refunds by Type

Schedule of Benefit Expenses and Refunds by Type: PERS Plan 1 For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$1,095,467	\$1,088,705	\$1,082,344	\$1,059,536	\$1,024,555	\$ 987,383	\$ 947,353	\$ 901,730	\$ 854,882	\$ 809,658
Disability	13,240	13,496	13,810	14,431	14,718	14,871	15,121	14,950	15,171	15,159
Survivor	80,789	79,180	77,529	75,555	72,113	68,675	65,460	62,315	59,370	56,057
Refunds										
Separations	3,373	3,365	3,667	2,930	3,997	3,612	4,011	4,194	4,796	4,093
Death	846	633	887	540	949	1,459	1,562	2,021	1,757	1,050
Total	\$1,193,715	\$1,185,379	\$1,178,237	\$1,152,992	\$1,116,332	\$1,076,000	\$1,033,507	\$ 985,210	\$ 935,976	\$ 886,017

Schedule of Benefit Expenses and Refunds by Type: PERS Plan 2/3 For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$531,509	\$430,352	\$350,550	\$287,560	\$230,776	\$188,971	\$154,388	\$129,890	\$109,007	\$ 92,401
Disability	12,417	11,695	10,901	10,140	9,795	9,014	8,294	7,669	6,871	5,969
Survivor	21,734	18,028	15,548	13,243	11,194	9,334	7,635	6,243	5,218	4,372
Refunds										
Separations	28,119	28,286	30,148	27,956	25,005	22,798	24,498	21,866	22,378	20,515
Death	7,083	7,393	5,568	5,730	6,420	3,644	2,076	4,599	4,098	3,571
Total	\$600,862	\$495,754	\$412,715	\$344,629	\$283,190	\$233,761	\$196,891	\$170,267	\$147,572	\$126,828

Schedule of Benefit Expenses and Refunds by Type: PERS Plan 3										
For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$ 1,435	\$ 697	\$ 322	\$ 164	\$ 80	\$ 51	\$ 23	\$ —	\$ —	\$ —
Disability	—	—	—	—	—	—	—	—	—	—
Survivor	—	—	—	—	—	—	—	—	—	—
Refunds										
Separations	81,924	68,671	66,095	56,974	40,215	38,856	35,702	33,724	34,854	24,563
Death	—	—	150	2,169	1,508	1,346	2,589	1,530	685	970
Total	\$83,359	\$69,368	\$66,567	\$59,307	\$41,803	\$40,253	\$38,314	\$35,254	\$35,539	\$25,533

Schedule of Benefit Expenses and Refunds by Type: SERS Plan 2/3 For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$ 77,320	\$ 63,134	\$ 50,597	\$ 40,753	\$ 32,202	\$ 26,468	\$ 20,944	\$ 16,230	\$ 12,352	\$ 9,167
Disability	1,553	1,457	1,387	1,198	1,068	1,037	928	781	736	664
Survivor	2,343	1,835	1,646	1,387	1,179	802	755	630	412	283
Refunds										
Separations	2,076	1,984	1,947	1,916	1,779	1,693	1,752	2,148	1,970	1,970
Death	656	671	569	576	346	432	293	368	507	221
Total	\$ 83,948	\$ 69,081	\$ 56,146	\$ 45,830	\$ 36,574	\$ 30,432	\$ 24,672	\$ 20,157	\$ 15,977	\$ 12,305

Schedule of Benefit Expenses and Refunds by Type (continued)

Schedule of Benefit Expenses and Refunds by Type: SERS Plan 3 For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$ 854	\$ 464	\$ 302	\$ 182	\$ 91	\$ 62	\$ 8	\$ –	\$ –	–
Disability	–	–	–	–	–	–	–	–	–	–
Survivor	–	–	–	–	–	–	–	–	–	–
Refunds										
Separations	73,826	65,643	60,929	51,431	31,383	40,501	39,438	30,539	24,104	20,777
Death	–	–	–	1,811	2,533	1,540	377	1,538	842	701
Total	\$74,680	\$66,107	\$61,231	\$53,424	\$34,007	\$42,103	\$39,823	\$32,077	\$24,946	\$ 21,478

Schedule of Benefit Expenses and Refunds by Type: PSERS Plan 2 For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$ 237	\$ 129	\$ 63	\$ 30	\$ 14	\$ 1	\$ –	\$ –	\$ –	–
Disability	12	17	5	4	3	4	–	–	–	–
Survivor	7	2	2	1	–	–	–	–	–	–
Refunds										
Separations	2,107	2,142	1,868	1,747	895	450	151	22	–	–
Death	87	44	53	33	33	16	1	1	–	–
Total	\$2,450	\$2,334	\$1,991	\$1,815	\$ 945	\$ 471	\$ 152	\$ 23	\$ –	–

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 1 For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$ 871,366	\$ 860,631	\$ 860,848	\$ 847,353	\$ 809,214	\$ 801,974	\$ 798,668	\$ 757,896	\$ 720,921	\$ 700,288
Disability	10,074	10,606	10,618	11,111	10,905	11,068	11,186	11,301	11,379	11,325
Survivor	44,535	43,372	42,398	41,355	39,131	37,220	35,132	33,147	31,313	29,505
Refunds										
Separations	1,348	1,512	1,120	1,389	574	930	827	841	714	878
Death	914	478	432	431	930	330	173	1,037	328	302
Total	\$ 928,237	\$ 916,599	\$ 915,416	\$ 901,639	\$ 860,754	\$ 851,522	\$ 845,986	\$ 804,222	\$ 764,655	\$ 742,298

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 2/3 For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$ 144,464	\$ 112,521	\$ 87,707	\$ 68,782	\$ 52,921	\$ 42,587	\$ 33,984	\$ 26,770	\$ 20,716	\$ 15,953
Disability	1,126	1,117	1,071	1,118	921	838	882	732	796	616
Survivor	3,932	3,024	2,622	2,238	1,812	1,370	1,150	1,032	839	549
Refunds										
Separations	1,460	2,115	1,652	1,584	2,092	1,423	1,712	2,284	2,023	2,611
Death	528	799	517	697	776	766	478	442	376	499
Total	\$ 151,510	\$ 119,576	\$ 93,569	\$ 74,419	\$ 58,522	\$ 46,984	\$ 38,206	\$ 31,260	\$ 24,750	\$ 20,228

Schedule of Benefit Expenses and Refunds by Type (continued)

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 3 For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$ 3,084	\$ 1,569	\$ 1,149	\$ 542	\$ 257	\$ 128	\$ 45	\$ 18	\$ –	\$ –
Disability	–	–	–	–	–	–	–	–	–	–
Survivor	–	–	–	–	–	–	–	–	–	–
Refunds										
Separations	235,635	176,052	150,404	110,425	67,158	74,586	82,756	59,658	40,397	33,660
Death	–	–	–	5,146	4,507	1,580	2,020	3,152	1,511	1,922
Total	\$ 238,719	\$ 177,621	\$ 151,553	\$ 116,113	\$ 71,922	\$ 76,294	\$ 84,821	\$ 62,828	\$ 41,908	\$ 35,582

Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 1 For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$ 146,285	\$ 143,906	\$ 138,884	\$ 134,321	\$ 132,450	\$ 126,562	\$ 119,464	\$ 112,073	\$ 105,527	\$ 100,529
Disability	145,666	146,643	146,207	147,653	150,521	148,846	145,795	143,468	140,552	139,928
Survivor	63,789	61,247	58,347	56,801	55,260	51,625	48,271	44,911	42,130	39,500
Refunds										
Separations	248	14	4	48	11	43	–	1	3	5
Death	–	–	431	–	3	150	150	10	–	–
Total	\$ 355,988	\$ 351,810	\$ 343,873	\$ 338,823	\$ 338,245	\$ 327,226	\$ 313,680	\$ 300,463	\$ 288,212	\$ 279,962

Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 2										
For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$ 110,170	\$ 87,232	\$ 67,331	\$ 52,547	\$ 39,100	\$ 30,694	\$ 23,096	\$ 16,889	\$ 11,801	\$ 7,672
Disability	10,599	9,693	7,318	6,710	5,356	4,632	3,480	3,204	2,139	967
Survivor	4,152	3,607	3,504	2,619	1,702	1,289	929	720	493	339
Refunds										
Separations	7,730	8,117	9,774	7,155	6,739	6,112	6,350	7,557	6,238	7,117
Death	1,298	560	1,440	1,026	4,208	1,111	1,289	438	877	648
Total	\$ 133,949	\$ 109,209	\$ 89,367	\$ 70,057	\$ 57,105	\$ 43,838	\$ 35,144	\$ 28,808	\$ 21,548	\$ 16,743

Schedule of Benefit Expenses and Refunds by Type: WSPRS Plan 1										
For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$42,805	\$39,537	\$36,687	\$35,073	\$33,015	\$31,643	\$30,293	\$29,048	\$27,619	\$25,796
Disability	—	—	—	—	—	—	—	—	—	—
Survivor	4,338	3,984	3,681	3,314	3,101	2,879	2,670	2,345	3,047	1,810
Refunds										
Separations	344	98	46	148	97	68	269	291	125	173
Death	—	88	216	99	—	138	—	—	—	—
Total	\$47,487	\$43,707	\$40,630	\$38,634	\$36,213	\$34,728	\$33,232	\$31,684	\$30,791	\$27,779

Schedule of Benefit Expenses and Refunds by Type (continued)

Schedule of Benefit Expenses and Refunds by Type: WSPRS Plan 2 For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	23	118	-	63	30	5	-	-	-	-
Death	-	-	-	5	-	-	-	-	-	-
Total	\$ 23	\$ 118	\$ -	\$ 68	\$ 30	\$ 5	\$ -	\$ -	\$ -	\$ -

Schedule of Benefit Expenses and Refunds by Type: JRS For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$7,388	\$7,504	\$7,569	\$7,678	\$7,704	\$7,811	\$7,719	\$7,696	\$7,732	\$7,333
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	2,092	2,193	2,195	2,060	2,019	1,772	1,795	1,660	1,515	1,428
Refunds										
Separations	-	-	-	-	-	-	-	-	-	-
Death	-	-	-	-	-	7	-	-	-	-
Total	\$9,480	\$9,697	\$9,764	\$9,738	\$9,723	\$9,590	\$9,514	\$9,356	\$9,247	\$8,761

Schedule of Benefit Expenses and Refunds by Type: Judges For the Years Ended 2005-2014 – Expressed in Thousands										
	6/30/14	6/30/13	6/30/12	6/30/11	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Benefit Expenses										
Service	\$ 346	\$ 402	\$ 421	\$ 420	\$ 421	\$ 422	\$ 466	\$ 483	\$ 497	\$ 521
Disability	–	72	–	–	–	–	–	–	–	–
Survivor	98	–	61	79	79	79	79	98	127	120
Refunds										
Separations	–	–	–	–	–	–	–	–	–	13
Death	–	–	–	–	–	–	–	–	–	–
Total	<u>\$ 444</u>	<u>\$ 474</u>	<u>\$ 482</u>	<u>\$ 499</u>	<u>\$ 500</u>	<u>\$ 501</u>	<u>\$ 545</u>	<u>\$ 581</u>	<u>\$ 624</u>	<u>\$ 654</u>

Deferred Compensation Program Status Report

Dollars in thousands – Part 1 of 2

	June 30, 2014		June 30, 2013		June 30, 2012		June 30, 2011	
	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%
Funding Media								
Active U.S. Core Stock Fund ¹	\$ —	—	\$ —	—	\$ —	—	\$ 238,087	8.11
Active U.S. Value Stock Fund ¹	—	—	—	—	—	—	299,662	10.20
Calvert Social Investment Fund– Balanced Portfolio	—	—	—	—	—	—	—	—
Emerging Market Equity Index ²	59,894	1.68	54,693	1.71	52,542	1.79	—	—
Fidelity Equity-Income Fund	—	—	—	—	—	—	—	—
Fidelity Growth Company Fund ¹	—	—	—	—	—	—	366,490	12.48
Fidelity Independence Fund	—	—	—	—	—	—	—	—
Fidelity Overseas Fund	—	—	—	—	—	—	—	—
Global Equity Index ²	114,142	3.19	84,495	2.64	65,500	2.23	—	—
International Stock Fund ¹	—	—	—	—	—	—	123,184	4.20
Savings Pool	937,359	26.21	1,000,437	31.27	1,045,569	35.66	1,013,313	34.51
U.S. Large Cap Equity Index ²	312,282	8.74	227,917	7.12	178,250	6.08	—	—
U.S. Small Cap Equity Index ²	199,588	5.58	150,240	4.69	109,915	3.75	—	—
U.S. Small Stock Index Fund ¹	—	—	—	—	—	—	116,776	3.98
U.S. Stock Market Index Fund ¹	—	—	—	—	—	—	163,011	5.55
Washington State Bond Fund ³	222,168	6.21	257,135	8.04	267,316	9.12	179,032	6.10
Washington State Long-Horizon Fund	—	—	—	—	—	—	—	—
Washington State Mid-Horizon Fund	—	—	—	—	—	—	—	—
Washington State Short-Horizon Fund	—	—	—	—	—	—	—	—
Washington State Socially Responsible Balanced Fund ⁴	128,312	3.59	109,148	3.41	101,014	3.45	73,021	2.49
Retirement Strategy 2000 ⁵	24,999	0.70	25,468	0.80	24,435	0.83	6,312	0.21
Retirement Strategy 2005 ⁵	39,905	1.12	38,443	1.20	35,891	1.22	11,313	0.39
Retirement Strategy 2010 ⁵	121,329	3.39	117,647	3.68	115,133	3.93	48,294	1.64
Retirement Strategy 2015 ⁵	332,310	9.29	290,316	9.07	253,859	8.66	100,846	3.43
Retirement Strategy 2020 ⁵	380,889	10.65	308,468	9.64	256,143	8.74	81,120	2.76
Retirement Strategy 2025 ⁵	288,862	8.08	223,555	6.99	179,951	6.14	50,278	1.71
Retirement Strategy 2030 ⁵	183,453	5.13	143,763	4.49	114,916	3.92	29,300	1.00
Retirement Strategy 2035 ⁵	120,809	3.38	91,183	2.85	73,173	2.50	17,332	0.59
Retirement Strategy 2040 ⁵	61,489	1.72	44,745	1.40	35,038	1.19	10,251	0.35
Retirement Strategy 2045 ⁵	28,288	0.79	19,892	0.62	14,996	0.51	5,554	0.19
Retirement Strategy 2050 ⁵	9,694	0.27	5,706	0.18	4,355	0.15	2,228	0.08
Retirement Strategy 2055 ⁶	9,964	0.28	6,358	0.20	3,868	0.13	1,023	0.03
Total	\$ 3,575,736	100.00	\$ 3,199,609	100.00	\$ 2,931,864	100.00	\$ 2,936,427	100.00

¹ This investment option was discontinued in October 2011.

² This investment option was added in October 2011.

³ This fund replaced the Fidelity Intermediate Bond Fund as of September 1, 2000.

⁴ This fund replaced the Calvert Social Investment Fund-Balanced Portfolio as of July 1, 2003.

⁵ This investment option was added in October 2008.

⁶ This investment option was added in January 2010.

Deferred Compensation Program Status Report

Dollars in thousands – Part 2 of 2

June 30, 2010		June 30, 2009		June 30, 2008		June 30, 2007		June 30, 2006		June 30, 2005	
Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%
\$ 192,558	7.87	\$ 180,558	8.34	\$ 267,879	11.02	\$ 352,142	13.82	\$ 318,035	14.56	\$ –	–
245,272	10.03	213,669	9.87	326,400	13.43	500,501	19.65	412,711	18.89	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	385,152	20.05
268,855	10.99	224,090	10.35	315,284	12.97	279,402	10.97	262,555	12.02	218,618	11.38
–	–	–	–	–	–	–	–	–	–	298,141	15.52
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
97,897	4.00	89,981	4.16	140,526	5.78	167,724	6.58	95,487	4.37	51,946	2.70
959,255	39.21	954,969	44.10	819,272	33.71	723,624	28.41	696,006	31.86	648,046	33.74
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
77,248	3.16	52,854	2.44	64,641	2.66	87,907	3.45	75,769	3.47	46,398	2.42
124,866	5.10	102,935	4.75	134,940	5.55	152,066	5.97	119,714	5.48	101,902	5.30
178,187	7.28	134,101	6.19	132,298	5.44	87,000	3.42	72,714	3.33	74,565	3.88
–	–	–	–	64,478	2.65	62,784	2.46	35,668	1.63	20,823	1.08
–	–	–	–	72,182	2.97	61,143	2.40	38,058	1.74	23,593	1.23
–	–	–	–	34,602	1.42	24,892	0.98	15,218	0.70	11,053	0.58
58,828	2.41	49,115	2.27	58,317	2.40	48,082	1.89	42,519	1.95	40,750	2.12
3,973	0.16	3,458	0.16	–	–	–	–	–	–	–	–
9,269	0.38	6,919	0.32	–	–	–	–	–	–	–	–
38,435	1.57	29,057	1.34	–	–	–	–	–	–	–	–
69,852	2.86	44,406	2.05	–	–	–	–	–	–	–	–
51,674	2.11	34,220	1.58	–	–	–	–	–	–	–	–
30,265	1.24	19,402	0.90	–	–	–	–	–	–	–	–
17,133	0.70	10,986	0.51	–	–	–	–	–	–	–	–
10,869	0.44	7,444	0.34	–	–	–	–	–	–	–	–
6,417	0.26	4,163	0.19	–	–	–	–	–	–	–	–
3,301	0.14	2,215	0.10	–	–	–	–	–	–	–	–
1,491	0.06	882	0.04	–	–	–	–	–	–	–	–
769	0.03	–	–	–	–	–	–	–	–	–	–
\$ 2,446,414	100.00	\$ 2,165,424	100.00	\$ 2,430,819	100.00	\$ 2,547,267	100.00	\$ 2,184,454	100.00	\$ 1,920,987	100.00

Deferred Compensation Program Performance

Deferred Compensation Program Performance Periods Ending June 30, 2014					
Fund Name <i>Benchmark</i>	Quarter Ending 6/30/14	Performance History ¹ Average Annual Total Returns			
		1 Year	3 Year ²	5 Year ²	10 Year/Since Inception
Emerging Market Equity Index Fund	6.47%	14.23%	—	—	10.48%
<i>MSCI Emerging Markets Investable Market Index</i>	6.42%	14.31%	—	—	10.80%
Global Equity Index Fund	4.94%	23.85%	—	—	20.14%
<i>MSCI ACWI Investable Market Index</i>	4.84%	23.35%	—	—	19.58%
Savings Pool	0.12%	0.69%	1.56%	2.41%	3.52%
U.S. Large Cap Equity Index Fund	5.24%	24.64%	16.64%	18.94%	7.90%
<i>S&P 500 Index</i>	5.23%	24.61%	16.58%	18.83%	7.78%
U.S. Small Cap Value Equity Index Fund	2.44%	22.84%	14.42%	19.77%	8.20%
<i>Russell 2000 Value Index</i>	2.38%	22.54%	14.65%	19.88%	8.24%
Washington State Bond Fund	2.23%	6.07%	4.67%	6.59%	5.87%
<i>Barclays Capital Intermediate Credit Index</i>	1.79%	5.21%	4.45%	6.44%	5.23%
Washington State Socially Responsible Balanced Fund	3.03%	14.91%	9.70%	12.13%	6.92%
<i>Custom Benchmark³</i>	3.85%	16.31%	11.18%	12.84%	6.89%
2000 Retirement Strategy	3.29%	10.08%	6.03%	9.35%	7.81%
<i>2000 Composite Benchmark³</i>	3.12%	9.92%	6.31%	9.40%	7.32%
2005 Retirement Strategy	3.71%	12.34%	7.12%	10.73%	8.77%
<i>2005 Composite Benchmark</i>	3.59%	12.40%	7.57%	11.01%	8.34%
2010 Retirement Strategy	4.13%	14.66%	8.18%	12.10%	9.56%
<i>2010 Composite Benchmark</i>	4.05%	14.90%	8.81%	12.57%	9.36%
2015 Retirement Strategy	4.52%	16.77%	8.97%	12.91%	10.06%
<i>2015 Composite Benchmark</i>	4.44%	17.16%	9.79%	13.56%	9.93%
2020 Retirement Strategy	4.66%	18.22%	9.46%	13.43%	10.26%
<i>2020 Composite Benchmark</i>	4.55%	18.57%	10.35%	14.23%	10.22%
2025 Retirement Strategy	4.74%	19.55%	9.88%	13.92%	10.43%
<i>2025 Composite Benchmark</i>	4.66%	19.98%	10.91%	14.86%	10.50%
2030 Retirement Strategy	4.88%	20.75%	10.24%	14.07%	10.38%
<i>2030 Composite Benchmark</i>	4.78%	21.29%	11.41%	15.18%	10.60%
2035 Retirement Strategy	4.89%	21.52%	10.30%	13.98%	10.12%
<i>2035 Composite Benchmark</i>	4.80%	22.20%	11.61%	15.24%	10.48%
2040 Retirement Strategy	4.93%	22.03%	10.42%	14.03%	10.19%
<i>2040 Composite Benchmark</i>	4.85%	22.80%	11.81%	15.37%	10.59%
2045 Retirement Strategy	4.92%	22.05%	10.42%	14.03%	10.23%
<i>2045 Composite Benchmark</i>	4.85%	22.80%	11.81%	15.37%	10.59%
2050 Retirement Strategy	4.91%	22.02%	10.44%	14.06%	10.25%
<i>2050 Composite Benchmark</i>	4.85%	22.80%	11.81%	15.37%	10.59%
2055 Retirement Strategy	4.92%	22.00%	10.45%	—	10.04%
<i>2055 Composite Benchmark</i>	4.85%	22.80%	11.81%	—	11.70%

¹ Current performance may be lower or higher than performance data shown. Performance data quoted represents past performance and is not a guarantee or prediction of future results. For performance data current to the most recent month-end, please visit www.drs.wa.gov/dcp. The investment return and principal value of an investment will fluctuate so that, when redeemed, shares/units may be worth more or less than their original cost. All returns are calculated in U.S. dollars.

² Dashed spaces indicate where data is not available. These funds have not been in existence long enough to have performance history for these periods.

³ For the Washington State Socially Responsible Balanced Fund Custom Benchmark and all Composite Benchmark years 2000 through 2055, the benchmark returns are estimated based on what the portfolio would have earned using the return data from the various components.

Deferred Compensation Program: Net Investment Asset Growth

For the Fiscal Years Ended June 30, 2005-2014



Deferred Compensation Program: Participation

For the Fiscal Years Ended June 30, 2005-2014



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