

# Firefighter's Pension

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## Department Overview

The Firefighters' Pension Fund (FPEN) provides pension and medical benefit services to eligible firefighters, active and retired, and their beneficiaries. FPEN is a closed plan that only covers firefighters who were hired before October 1, 1977. Retiree benefits for firefighters hired more recently are primarily covered through a separate state-managed plan.

Management of firefighter benefits funds transitioned in the 1970s from local to state control. Prior to that time, the City paid into FPEN to provide for firefighter retiree benefits. In March 1970, the state created the Law Enforcement Officers and Fire Fighters Retirement System Plan 1 (LEOFF 1). Seattle firefighters hired between March 1970 and October 1977 enrolled in LEOFF 1, but also received additional benefit coverage through FPEN. As a result, this group of firefighters receives retiree benefits primarily from the state's LEOFF 1 plan, but also any earned increment from the City's FPEN that exceeds LEOFF 1 coverage. Both FPEN and LEOFF 1 closed to new enrollees in October 1977. Firefighters hired after that date enroll in the state's LEOFF 2 plan and do not receive benefits from FPEN.

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

The projections of annual pension and medical benefits, which comprise about 97% of the total annual FPEN budget, are based on the forecasts of an independent actuary. The Firefighters' Pension Fund has two statutory funding sources:

- The first is a component of the City's property tax levy. These revenues are placed in the City's General Fund, which funds the Fire Pension Fund's annual budget.
- The second is the state fire insurance premium tax.

These statutory funding sources are in addition to other smaller funding sources that support the Firefighters' Pension Fund obligations.

The Firefighters' Pension Fund includes two funds: the Fire Pension Fund, which pays current pension, medical, and death benefits; and the Actuarial Account, which was established by [Ordinance 117216](#) in 1994 to accumulate a balance sufficient to pay all future pension liabilities of the fund by 2028.

## Budget Snapshot

	2019 Actuals	2020 Adopted	2021 Proposed
<b>Department Support</b>			
Other Funding - Operating	17,726,222	21,236,362	21,020,461
<b>Total Operations</b>	<b>17,726,222</b>	<b>21,236,362</b>	<b>21,020,461</b>
<b>Total Appropriations</b>	<b>17,726,222</b>	<b>21,236,362</b>	<b>21,020,461</b>
Full-Time Equivalent Total*	4.00	4.00	4.00

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

# Firefighter's Pension

## Budget Overview

The Firefighters' Pension Fund (FPEN) receives almost all of its revenue from the City's General Fund. FPEN's expenditures pay the legally-mandated pension and medical benefits, including long-term care, to eligible retired firefighters and qualified beneficiaries. Most of FPEN's retirees are represented by either Local 27 (firefighters' union) or Local 2898 (fire chiefs' union) and their total pension benefits are increased annually with a cost of living adjustment (COLA) equal to the negotiated annual wage increases (AWI) for the active union members at the Seattle Fire Department and then offset by benefits paid by the state's LEOFF 1 pension plan which has its own annual growth rate.

In November 2016, Council passed Ordinance 125190 which requires an actuarially determined level payment amount from the City to the FPEN Fund each year to cover pension benefit costs. Any remaining difference between the payment amount and actual pension benefit costs is transferred to the Actuarial Account for FPEN's future pension obligations. The account is invested in a portfolio managed by the Department of Finance and Administrative Services (FAS). The 2021 Proposed Budget assumes an annual rate of return of 5.5% on the investment portfolio and that the returns are continuously reinvested.

The 2021 Proposed Budget is reflective of expected pension and medical benefit costs as well as costs of administration.

## Incremental Budget Changes

### Firefighter's Pension

	2020 Proposed Budget	FTE
<b>2020 Adopted Budget</b>	<b>21,236,362</b>	<b>4.00</b>
Adjustment for One-Time Budget Changes	-	-
Citywide Adjustments for Standard Cost Changes	3,064	-
Baseline Adjustments for Personnel Costs	18,397	-
<b>Proposed Operating</b>		
Adjustment for pension benefits	(237,362)	-
FPEN Actuarial Account Reset	-	-
<b>Total Incremental Changes</b>	<b>\$(215,901)</b>	<b>-</b>
<b>Total 2021 Proposed Budget</b>	<b>\$21,020,461</b>	<b>4.00</b>

## Description of Incremental Budget Changes

### Adjustment for One-Time Budget Changes

Revenues \$1,012,064

This item includes budget adjustments for one-time changes in the 2021 Proposed Budget.

# Firefighter's Pension

## Citywide Adjustments for Standard Cost Changes

Expenditures \$3,064

Citywide technical adjustments made in the baseline phase reflect changes to internal services costs, including rates from the Department of Finance & Administrative Services, Seattle Information Technology Department, Seattle Department of Human Resources, and for healthcare, retirement and industrial insurance charges for the department. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

## Baseline Adjustments for Personnel Costs

Expenditures \$18,397

This centrally administered change adjusts appropriations to reflect an annual wage increase, as outlined in the agreements between the City and the Coalition of Unions, for personnel costs included in this department's baseline budget. This includes increases to salary, FICA, Medicare, family medical leave, retirement, overtime and temporary labor. There is no increase assumed from 2021 to 2022. This does not include a 2021 salary increase for non-represented Executives, Managers and Strategic Advisors.

## Proposed Operating

### Adjustment for pension benefits

Expenditures \$(237,362)

Revenues \$282,035

This item decreases appropriations for pension payments and medical claims and provides for the use of fund balance to balance resources with appropriations.

### FPEN Actuarial Account Reset

Revenues \$(1,510,000)

This item adjusts the transfer revenues into the FPEN Actuarial Fund to the projected 2021 level of \$230,000.

## Expenditure Overview

Appropriations	2019 Actuals	2020 Adopted	2021 Proposed
<b>FPEN - BO-FP-R2F01 - Firefighters Pension</b>			
61040 - Fireman's Pension Fund	17,726,222	21,236,362	21,020,461
<b>Total for BSL: BO-FP-R2F01</b>	<b>17,726,222</b>	<b>21,236,362</b>	<b>21,020,461</b>
<b>Department Total</b>	<b>17,726,222</b>	<b>21,236,362</b>	<b>21,020,461</b>
<b>Department Full-Time Equivalents Total*</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>

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## Firefighter's Pension

### Budget Summary by Fund Firefighter's Pension

	2019 Actuals	2020 Adopted	2021 Proposed
61040 - Fireman's Pension Fund	17,726,222	21,236,362	21,020,461
<b>Budget Totals for FPEN</b>	<b>17,726,222</b>	<b>21,236,362</b>	<b>21,020,461</b>

### Revenue Overview

#### 2021 Estimated Revenues

Account Code	Account Name	2019 Actuals	2020 Adopted	2021 Proposed
335130	Fire Insur Premium Tax	1,152,199	1,161,000	1,161,000
360430	Employr Pnsn Contributions	19,081,309	19,099,362	19,099,362
360900	Miscellaneous Revs-Other Rev	478,064	-	478,064
397010	Operating Transfers In	-	478,064	-
<b>Total Revenues for: 61040 - Fireman's Pension Fund</b>		<b>20,711,572</b>	<b>20,738,426</b>	<b>20,738,426</b>
400000	Use of/Contribution to Fund Balance	-	497,936	282,035
<b>Total Resources for:61040 - Fireman's Pension Fund</b>		<b>20,711,572</b>	<b>21,236,362</b>	<b>21,020,461</b>
360100	Unreald Gns/Losses-Inv Gasb31	-	1,010,000	-
397010	Operating Transfers In	-	500,000	230,000
<b>Total Revenues for: 61050 - Fireman's Pension Actuarial</b>		<b>-</b>	<b>1,510,000</b>	<b>230,000</b>
400000	Use of/Contribution to Fund Balance	-	(1,510,000)	(230,000)
<b>Total Resources for:61050 - Fireman's Pension Actuarial</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total FPEN Resources</b>		<b>20,711,572</b>	<b>21,236,362</b>	<b>21,020,461</b>

## Firefighter's Pension

### Appropriations by Budget Summary Level and Program

#### **FPEN - BO-FP-R2F01 - Firefighters Pension**

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

<b>Program Expenditures</b>	<b>2019 Actuals</b>	<b>2020 Adopted</b>	<b>2021 Proposed</b>
Death Benefits	12,915	19,000	19,000
Leadership and Administration	859,577	889,362	926,461
Long-Term Care	1,364,401	-	-
Medical Benefits	9,394,014	12,500,000	12,250,000
Pensions	6,095,315	7,828,000	7,825,000
<b>Total</b>	<b>17,726,222</b>	<b>21,236,362</b>	<b>21,020,461</b>
Full-time Equivalents Total*	4.00	4.00	4.00

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

#### **Death Benefits**

<b>Expenditures/FTE</b>	<b>2019 Actuals</b>	<b>2020 Adopted</b>	<b>2021 Proposed</b>
Death Benefits	12,915	19,000	19,000

#### **Leadership and Administration**

<b>Expenditures/FTE</b>	<b>2019 Actuals</b>	<b>2020 Adopted</b>	<b>2021 Proposed</b>
Leadership and Administration	859,577	889,362	926,461
Full Time Equivalents Total	4.00	4.00	4.00

#### **Long-Term Care**

<b>Expenditures/FTE</b>	<b>2019 Actuals</b>	<b>2020 Adopted</b>	<b>2021 Proposed</b>
Long-Term Care	1,364,401	-	-

## Firefighter's Pension

### Medical Benefits

	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Expenditures/FTE</b>	<b>Actuals</b>	<b>Adopted</b>	<b>Proposed</b>
Medical Benefits	9,394,014	12,500,000	12,250,000

### Pensions

	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Expenditures/FTE</b>	<b>Actuals</b>	<b>Adopted</b>	<b>Proposed</b>
Pensions	6,095,315	7,828,000	7,825,000