Seattle Retirement

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Department Overview

Seattle Retirement includes two separate member funds, the Seattle City Employees' Retirement System (SCERS), which manages and administers a 401(a) defined benefit plan, and the voluntary Deferred Compensation Program, which manages and administers a 457(b) plan.

SCERS has two major functions: administration of retirement benefits and management of the assets of the Retirement Fund. Employee and employer contributions, as well as investment earnings, provide funding for the system. Approximately 10,000 active employee members, 3,800 terminated employee members and 7,900 retired employee members participate in the plan.

The provisions of the plan are set forth in Chapter 4.36 of the Seattle Municipal Code. The plan is a "defined benefit plan" which means an employee's salary, years of service, and age at the time of retirement are used to determine the amount of retirement benefits. At retirement, members are given a choice of several payment options to collect their retirement benefit. The Retirement System is led by a seven-member Board of Administration and an Executive Director appointed by the Board.

Seattle Retirement is also the administrator of the City's Voluntary Deferred Compensation Plan. The Deferred Compensation Plan is led by a seven-member Committee. Both SCERS and the City's Deferred Compensation Plan retain their independent identities while sharing leadership.

Please note that the appropriations detailed in the following tables reflect only the costs to administer the two benefit systems and not the payment of benefits or investment management fees.

Budget Snapshot

	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
Department Support				
General Fund Support	663,014	716,409	818,249	849,466
Other Funding - Operating	11,526,981	15,669,648	13,505,782	14,221,711
Total Operations	12,189,995	**16,386,058**	**14,324,031**	**15,071,177**
Total Appropriations	**12,189,995**	**16,386,058**	**14,324,031**	**15,071,177**
Full-Time Equivalents Total*	35.50	35.50	33.50	33.50

** 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*

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Budget Overview

The Seattle City Employees' Retirement System (SCERS) relies on the long-term health of its assets to sustain its long-term financial obligations to SCERS members. The long-term health of SCERS is measured by the annual January 1 funding status, a percentage that represents the value of the asset portfolio over the reserves needed to pay retirement benefits to employees.

As of January 1, 2026, SCERS net assets are valued at $4.96 billion with a 79.7% funded status. This is an increase from 76.0% in 2025. SCERS funding status has generally increased steadily since 2010 due to changes SCERS has made to positively impact the funding status over the long-term.

Annual Contributions: The plan's actuaries determine an "annual required contribution" (ARC) into SCERS so its assets grow in tandem with pension costs, which rise as new employees join SCERS, wages increase, and retirees live longer. In 2025 SCERS and the City enhanced the plan by revising its ARC calculation so SCERS will be fully funded after a fixed 30-year period beginning January 1, 2013, and ending January 1, 2043. The annual required contribution is composed of two parts: employee contributions, which are established by the City's labor agreements; and employer contributions. Employer contribution amounts are reflected in departmental budgets throughout the 2027-28 Proposed Budget.

Investment Return Assumption: In January 2014, SCERS decreased its long-term investment return assumption from 7.75% to 7.50% in anticipation of slower asset growth over the next 30 years. In January 2020, SCERS decreased this assumption to 7.25%; and in January 2023, SCERS decreased the assumption further to the current 6.75%. This assumption raised the ARC so the plan relies more on employee and employer contributions that are based on salaries, which are less volatile than the investment returns affected by portfolio experience and the economy.

Asset Smoothing: SCERS implemented an asset smoothing policy in 2011 to protect the funded status from volatile year-to-year swings by recognizing annual investment return gains and losses evenly over five years. This policy results in gradual changes in the ARC so the City's contribution is more stable.

Layered Amortization: SCERS is on track to be fully funded by January 1, 2043, the end of its closed 30-year period. Closed periods can generate excessive contribution rate volatility in the second half of the period. To help stabilize the City's contribution rate, starting January 1, 2027, layered amortization will be added to the actuarial methodology used to calculate the unfunded liability and establish annual contribution rates.

Pension Plan for New Employees Hired on or After January 1, 2017: In 2016, the City and labor unions agreed, and Council approved, a new defined benefit plan tier (SCERS II) for new employees hired on or after January 1, 2017. SCERS II has a similar structure to the existing plan (SCERS I).

Under SCERS II, there are combined savings for annual employer and employee contributions. Members of the new plan contribute 7% of their salary toward their retirement benefit, compared to 10.03% under SCERS I. For 2025, employers contributed 14.94% for SCERS II members compared to 15.33% for SCERS I members. Given the lower contributions into the plan, the SCERS II plan provides a retirement benefit lower than the SCERS I plan, but consistent with the design of the current SCERS I plan.

The 2027-28 Proposed Budget for the management of SCERS largely reflects a decrease in costs as a result of the completion of a pension system migration project. The 2027-28 Proposed Budget also includes an increase in personnel costs for the management of Deferred Compensation and removes two long-term vacant positions.

Incremental Budget Changes

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	Dollars	FTE
2026 Adopted Budget	**16,386,058**	**35.50**
Baseline		
Citywide Adjustments for Standard Cost Changes	261,326	-
Reduce SCERS Retirement Contribution Rate	(84,452)	-
Proposed Operating		
Remove One-Time Funding for Technology Upgrade	(2,334,409)	-
Increase Deferred Compensation Personnel Budget	95,509	-
Proposed Technical		
Fund Balancing Entry	-	-
RET Position Cleanup	-	(2.00)
Total Incremental Changes	**$(2,062,027)**	**(2.00)**
Total 2027 Proposed Budget	**$14,324,031**	**33.50**

Description of Incremental Budget Changes

Baseline

Citywide Adjustments for Standard Cost Changes

Expenditures $261,326

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 and other central cost factors. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

Reduce SCERS Retirement Contribution Rate

Expenditures $(84,452)

The City's employee retirement system, the Seattle City Employees Retirement System (SCERS) is a defined benefit pension program funded by a combination of salary-based employer (i.e., the City) and employee contributions, and investment earnings. Based on the updated actuarial valuation for 2026, this item reduces the employer contribution rate from the endorsed rate of 15.06% to the SCERS minimum actuarial required rate of 13.48% for 2027 and 13.52% for 2028.

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Proposed Operating

Remove One-Time Funding for Technology Upgrade

Expenditures	$(2,334,409)

This item reduces the SCERS budget by $2.3 million in 2027 and $1.7 million in 2028 due primarily to completion of the Pension Administration System migration project in 2026 and residual implementation costs in 2027-2028.

Increase Deferred Compensation Personnel Budget

Expenditures	$95,509

This item adjusts the Deferred Compensation budget in 2027 and 2028 to align appropriation with actual personnel costs, which include salaries, benefits, and overhead.

Proposed Technical

Fund Balancing Entry

Revenues	$(2,309,938)

This is a technical item to record a fund balancing entry for the Employees' Retirement Fund, which is managed by Seattle Retirement.

RET Position Cleanup

Position Allocation	(2.00)

This item eliminates two long-term vacancies that the department does not plan to fill.

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Expenditure Overview

Appropriations	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
RET - BO-RE-R1E00 - Employee Benefit Management				
61030 - Employees' Retirement Fund	11,526,981	15,669,648	13,505,782	14,221,711
Total for BSL: BO-RE-R1E00	**11,526,981**	**15,669,648**	**13,505,782**	**14,221,711**
RET - BO-RE-R2E00 - Deferred Comp Management				
00100 - General Fund	-	-	818,249	849,466
Total for BSL: BO-RE-R2E00	**-**	**-**	**818,249**	**849,466**
RET - BO-RE-R2E000 - Deferred Comp Management				
00100 - General Fund	663,014	716,409	-	-
Total for BSL: BO-RE-R2E000	**663,014**	**716,409**	**-**	**-**
Department Total	**12,189,995**	**16,386,058**	**14,324,031**	**15,071,177**
Department Full-Time Equivalents Total*	**35.50**	**35.50**	**33.50**	**33.50**

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Budget Summary by Fund Seattle Retirement

	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
00100 - General Fund	663,014	716,409	818,249	849,466
61030 - Employees' Retirement Fund	11,526,981	15,669,648	13,505,782	14,221,711
Budget Totals for RET	**12,189,995**	**16,386,058**	**14,324,031**	**15,071,177**

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Revenue Overview

2027 Estimated Revenues

Account Code	Account Name	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
360900	Miscellaneous Revs-Other Rev	663,014	729,739	815,573	840,040
Total Revenues for: 00100 - General Fund		**663,014**	**729,739**	**815,573**	**840,040**
360010	Investment Interest	45,473,034	-	-	-
360030	Securities Lending Revenue	(23,404)	-	-	-
360090	Realized Gains/Losses On Invm	131,721,879	-	-	-
360120	Security Lending Income Gasb 2	57,455	-	-	-
360210	Oth Interest Earnings	38,799	-	-	-
360230	Dividend Income	18,103,018	-	-	-
360240	Other Investment Income	18,883,714	-	-	-
360430	Employr Pnsn Contributions	177,916,281	11,863,614	11,863,614	11,863,614
360440	Employr Dth Ben Contribution	175,424	-	-	-
360450	Emplyee Pnsn Contribution	101,838,250	3,952,106	3,952,106	3,952,106
360460	Emplyee Dth Ben Contribution	175,442	-	-	-
360900	Miscellaneous Revs-Other Rev	269,425	-	-	-
Total Revenues for: 61030 - Employees' Retirement Fund		**494,629,317**	**15,815,720**	**15,815,720**	**15,815,720**
400000	Use of/Contribution to Fund Balance	-	(146,072)	(2,309,938)	(1,594,009)
Total Resources for:61030 - Employees' Retirement Fund		**494,629,317**	**15,669,648**	**13,505,782**	**14,221,711**
Total RET Resources		**495,292,331**	**16,399,387**	**14,321,355**	**15,061,751**

Appropriations by Budget Summary Level and Program

RET - BO-RE-R1E00 - Employee Benefit Management

The purpose of the Employees' Retirement Budget Summary Level is to manage and administer retirement assets and benefits.

Program Expenditures	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
Employee Benefit Management	11,526,981	15,669,648	13,505,782	14,221,711
Total	**11,526,981**	**15,669,648**	**13,505,782**	**14,221,711**
Full-time Equivalents Total*	32.50	32.50	30.50	30.50

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RET - BO-RE-R2E00 - Deferred Comp Management

The purpose of the Deferred Compensation Management Budget Summary Level is to manage and administer deferred compensation assets and benefits.

Program Expenditures	2025 Actuals	2026 Adopted	2027 Proposed	2028 Proposed
Deferred Compensation Management	663,014	716,409	818,249	849,466
Total	**663,014**	**716,409**	**818,249**	**849,466**
Full-time Equivalents Total*	3.00	3.00	3.00	3.00

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