



**Seattle City Employees' Retirement System**  
**Annual Report**  
For the year ended December 31, 2006

# SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

## ANNUAL REPORT

For The Year Ended December 31, 2006

**Prepared by:** Seattle City Employees' Retirement System Staff

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**Board of Administration**



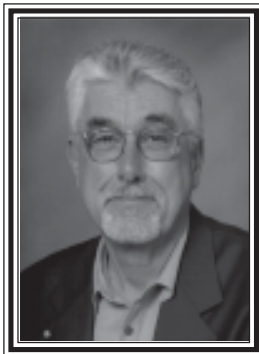
**Mark McDermott**



**Richard McIver**



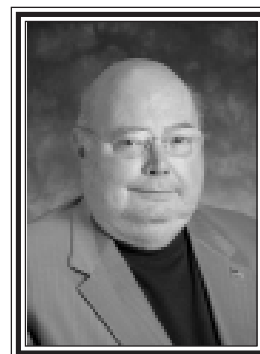
**Dwight Dively**



**Lou Walter**



**Mary Norris**



**Rod Rich**



**Frank Mathews**

**Administrative Staff**



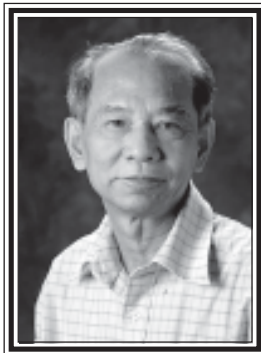
**Kathleen Bryant**



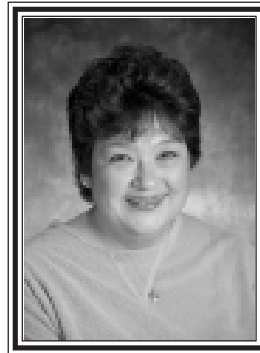
**Roberta Blayney**



**Katherine Bursett**



**Hieu Le**



**Jean LeMaster**



**Lindsey LeNguyen**



**Sheila Moss**



**Jeannette Ocampo**



**Lindsay Reid**



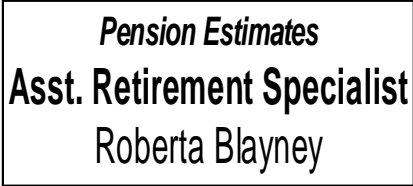
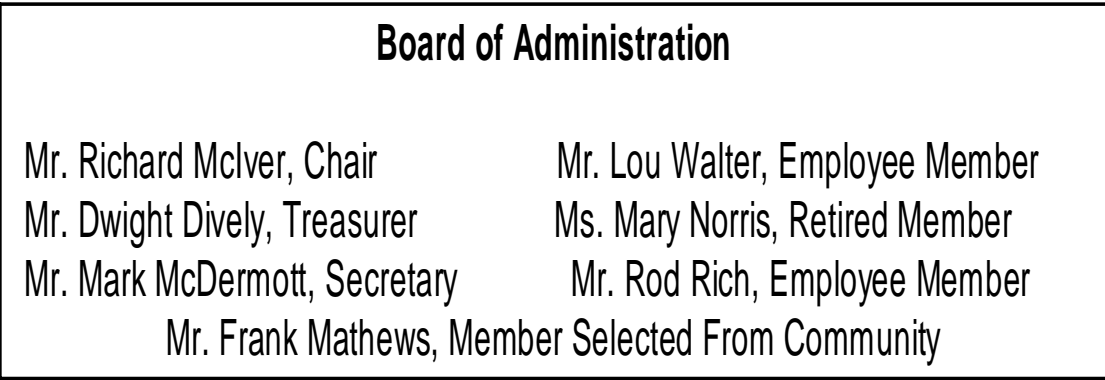
**Mel Robertson**



**Selam Teklemariam**



**Truong Tran**





# City of Seattle

## Seattle City Employees' Retirement System

720 Third Avenue, Suite 1000, Seattle, WA 98104, Phone: (206) 386-1293, Fax: (206) 386-1506

May 4, 2007

To the Honorable Mayor and  
Seattle City Council  
Seattle, Washington 98104

This Annual Report consists of six sections: the Introductory Section contains the Executive Director's letter of transmittal and the identification of the administrative organization of the System; the Financial Statements Section contains the financial statements of the System as well as a letter from the System's certified public accountants; the Actuarial Section contains the independent consulting actuary's opinion along with related actuarial data and statements; and the last section is the Statistical Section including tables of significant data pertaining to the operation of the System.

The compilation of this report reflects the combined effort of the staff under the leadership of the Retirement Board. The intention is to provide complete and reliable information to assist in management decisions, to present evidence of compliance with legal provisions and to demonstrate responsible stewardship for the assets contributed by the members and their employers.

The Executive Director and staff have reviewed the internal accounting controls and the financial statements, supporting schedules and statistical tables, and we are of the opinion that they fairly present the condition of the Retirement System.

The accuracy and completeness of the data contained in this report are the sole responsibility of the management of the Seattle City Employees' Retirement System.

The Retirement System was created and established by amendment to the Charter of the City of Seattle (Article XXII - Section 13) submitted to the voters at the municipal election of March 8, 1927. The System, known thereafter as the Seattle City Employees' Retirement System, is to provide retirement income to help maintain the quality of life for its former employees. The retirement plan is a defined benefit plan, which means the employee's salary, years of service and age at the time of retirement are used to determine the amount of retirement benefits.

The Retirement System covers employees of the City of Seattle, and certain employees of King County, METRO and the Seattle City Library. The year ended December 31, 2006, concludes our 78<sup>th</sup> year of operations. This longevity is a tribute to the hard work and conscientious efforts of the past and present Board members, staff, advisors and elected officials who have made the Retirement System the strong, exemplary system it is today.

The report is being mailed to all departments of the City. They form the link between the Seattle City Employees' Retirement System and its membership. Their cooperation contributes significantly to the success of the Retirement System. We trust the employers and Retirement System members will find this report both informative and helpful.

We would like to express our gratitude to the staff, the advisors, and to the many other people who have worked so diligently to assure the successful operation of the System.

Respectfully submitted,

BOARD OF ADMINISTRATION,  
SEATTLE CITY EMPLOYEES'  
RETIREMENT SYSTEM  
AS OF DECEMBER 31, 2006

A handwritten signature in black ink, appearing to read 'Mel Robertson'.

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Mel Robertson  
Acting Executive Director

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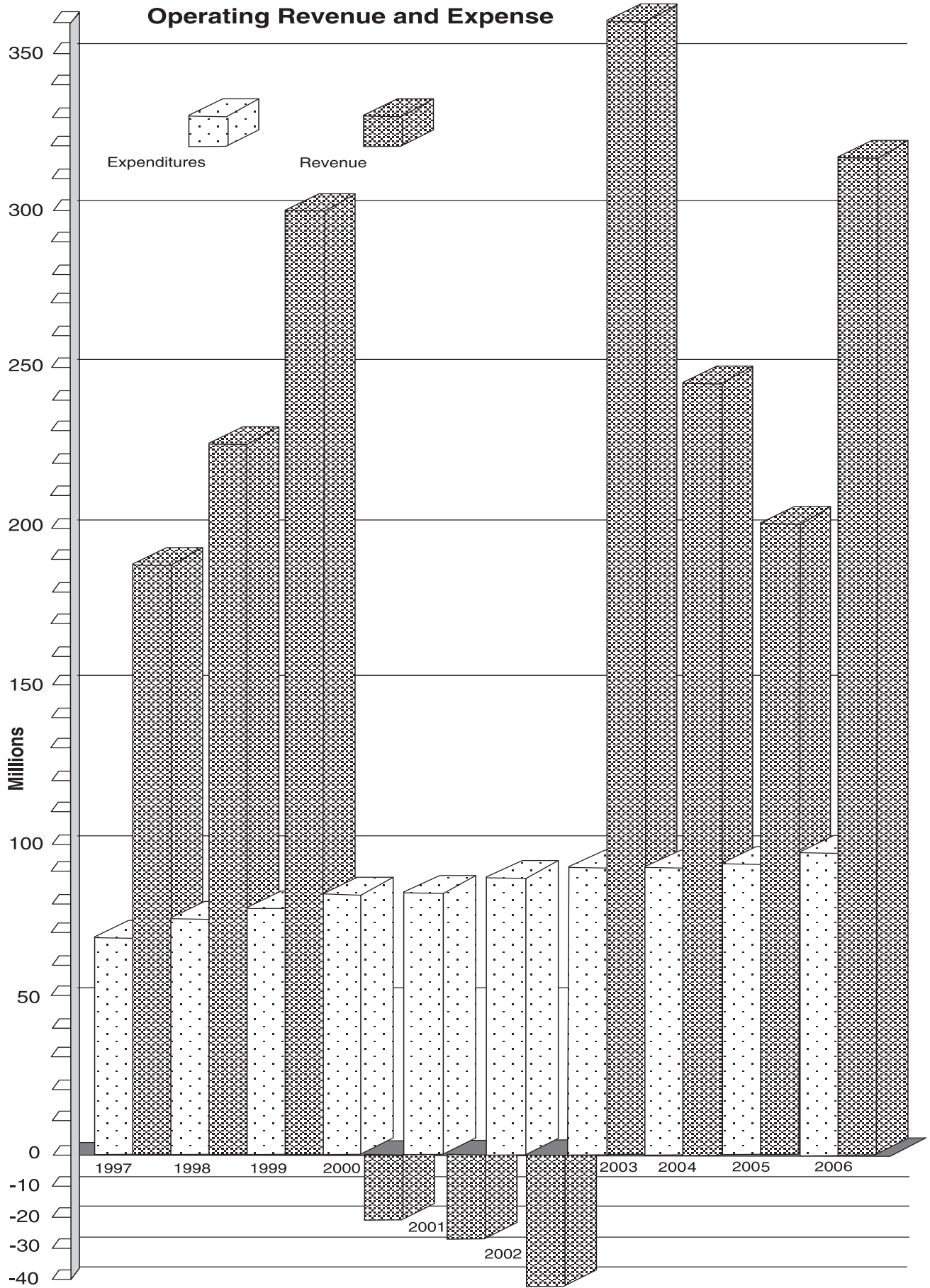
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# Operating Revenue and Expense





## INDEPENDENT AUDITOR'S REPORT

To the Board of Administration  
Seattle City Employees' Retirement System

We have audited the accompanying statement of plan net assets of the Seattle City Employees' Retirement System (the "System"), as of December 31, 2006, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The statement of plan net assets of the System as of December 31, 2005, and the related statement of changes in plan net assets for the year then ended were audited by other auditors, whose report dated May 26, 2006, expressed an unqualified opinion on those statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the System as of December 31, 2006, and the changes in net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Schedule of Funding Progress and Schedule of Employer Contributions, which are presented as Required Supplementary Information, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the System's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of administrative expenses, investment expenses and investment cash and securities within the financial statement section, and the actuarial section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. This additional information is the responsibility of the System's management. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

*Moss Adams LLP*

Seattle, Washington  
May 31, 2007

## Management's Discussion and Analysis

This section presents management's discussion and analysis of the Seattle City Employees' Retirement System's (SCERS or the System) financial performance during the year ended December 31, 2006. Please read it in conjunction with the transmittal letter in the Introductory Section and the accompanying financial statements and the related notes.

The City of Seattle is responsible for establishing and maintaining an internal control structure designed to ensure the protection of assets from loss, theft, or misuse, and to ensure the accounting information generated is adequate to prepare financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, though not absolute, assurance of achieving these objectives.

As a department of the City of Seattle, the Seattle City Employees' Retirement System is subject to this internal control structure. In addition, section 4.36.140.D of the Seattle Municipal Code requires the Board of Administration to annually transmit a report of the financial condition of the retirement system to the City Council.

This report is prepared in accordance with the principles of governmental accounting and reporting promulgated by the Governmental Accounting Standards Board (GASB). Investments are stated at fair market value, and revenues include the recognition of unrealized gains or losses. The accrual basis of accounting is used to record assets, liabilities, revenues and expenses. Revenue recognition occurs when earned without regard to the date of collection. Expense recognition occurs when the corresponding liabilities are incurred, regardless of payment date. The basis of contributions to the System follows the principles of level cost financing, with current service financed on a current basis. Buck Consultants, the consulting actuary, evaluates the funding status of the System.

### The Financial Section contains the following information:

1. **Basic Financial Statements** including:
  - a. Statements of Plan Net Assets
  - b. Statements of Changes in Plan Net Assets
  - c. Notes to the Financial Statements
2. **Required Supplementary Information** including:
  - a. Schedule of Funding Progress
  - b. Schedule of Employer Contributions
3. **Other Supplementary Schedules** including:
  - a. Schedule of Administrative Expenses
  - b. Schedule of Investment Expenses
  - c. Schedule of Investment Cash and Securities

The basic financial statements are described as follows:

- The Statement of Plan Net Assets shows the account balances at year-end and includes the net assets available for future benefit payments. The liabilities for future benefit payments are not included in this statement; however, they are shown in the Schedule of Funding Progress that is included in the Required Supplementary Information, as well as in the documentation provided by the actuary that is included in the Actuarial Section of this annual report.
- The Statement of Changes in Plan Net Assets shows the sources and uses of funds during the year and illustrates the change in net assets from the previous year.
- The Notes to the Financial Statements are an integral part of the financial statements and include additional detailed information and schedules to provide a better understanding of the financial statements.

The required supplementary information provides historical trends that help to reflect the ongoing plan perspective and the long-term nature of the defined benefit plan.

- The Schedule of Funding Progress contains actuarial information about the status of the plan from an ongoing long-term perspective, in the accumulation of sufficient assets to pay future benefits when due. Actuarial Liabilities in excess of the Actuarial Value of Assets indicate that insufficient assets were accumulated as of December 31, 2005 to fund the future benefits of current members and retirees.
- The Schedule of Employer Contributions contains historical trend information regarding the value of the total annual contributions the employer must pay and the actual contributions by employers in meeting this requirement.

### Financial Highlights

- SCERS assets that are held in trust for the payment of future benefits exceed its current amounts owed as of December 31, 2006 by \$2.01 billion.
- Net assets increased by \$219 million (12.2%) during 2006, primarily due to gains in the equity markets in the U.S. and abroad, also in hedge funds and in real estate. Net assets increased by \$107 million (6.4%) during 2005, primarily due to gains in the equity markets in the U.S. and abroad.
- Revenues (additions to net assets) for 2006 were \$319 million, which includes member and employer contributions of \$76 million and net gains from investment activities totaling \$243 million. Revenues (additions to net assets) for 2005 were \$202 million, which includes member and employer contributions of \$72 million and net gains from investment activities totaling \$130 million.
- Expenses (deductions from net assets) for 2006 increased by \$5.3 million (5.6%) from 2005. Retiree benefits was the largest part of the increase. Expenses (deductions from net assets) for 2005 increased by \$5.8 million (6.5%) from 2004.

### Plan Net Assets

The table below provides a summary of assets and current liabilities:

	<b>Plan Net Assets As of December 31</b>		
	<b>2006</b>	<b>2005</b>	<b>2004</b>
Cash and Receivables	\$ 99,782,484	\$ 65,833,444	\$ 54,193,916
Investments at Fair Value	1,920,085,235	1,733,929,772	1,637,800,830
Securities Lending Collateral	145,097,240	122,862,720	239,087,447
Equipment	3,308	3,654	3,999
Total Assets	<u>2,164,968,267</u>	<u>1,922,629,590</u>	<u>1,931,086,192</u>
Securities Lending Payable	145,097,240	122,862,720	239,087,447
Other Payables	8,717,400	8,002,610	7,533,598
Total Liabilities	<u>153,814,640</u>	<u>130,865,330</u>	<u>246,621,045</u>
Total Net Assets	<u>\$ 2,011,153,627</u>	<u>\$ 1,791,764,260</u>	<u>\$ 1,684,465,147</u>

**Changes in Plan Net Assets**

The table below provides a summary of the changes in plan net assets and reflects the activities of the fund:

<b>Changes in Plan Net Assets For the Years Ended</b>			
Additions:	<b>2006</b>	<b>2005</b>	<b>2004</b>
Member Contributions	\$ 38,228,475	\$ 35,962,449	\$ 37,192,591
Employer Contributions	38,077,976	35,897,345	36,819,271
Net Investment and Other Income Gain	243,056,607	130,094,269	171,784,968
Total Additions	<u>319,363,058</u>	<u>201,954,063</u>	<u>245,796,830</u>
Deductions:			
Retiree Benefits	87,583,509	82,305,449	77,289,288
Refunds of Contributions	10,553,067	10,351,215	9,791,692
Administrative Expenses	1,837,115	2,001,286	1,762,105
Total Deductions	<u>99,973,691</u>	<u>94,654,950</u>	<u>88,843,085</u>
Net Increase	<u>\$ 219,389,367</u>	<u>\$ 107,299,113</u>	<u>\$ 156,953,745</u>

## Revenues – Additions to Net Plan Assets

- Member contributions increased by \$2.3 million (6.3%) compared to 2005. This increase is primarily attributed to City departments filling vacancies to avoid losing the positions. Member contributions decreased in 2005 by \$1.2 million (3.3%) compared to 2004.
- Employer contributions increased by \$2.2 million (6.1%) compared to 2005. Employer contributions decreased in 2005 by \$0.9 million (2.5%) compared to 2004.
- Net investment gain and other income was \$243 million in 2006 as compared to \$130 million in 2005 and \$172 million in 2004.

## Expenses – Deductions from Net Plan Assets

- Retiree benefits increased in 2006 by \$5.3 million (6.4%) compared to 2005, partly due to COLA increases and partly due to the natural turnover of retirees and beneficiaries with new retirees being added to the payroll with much higher monthly allowances than the retirees and beneficiaries that have died during the year. Retiree benefits increased in 2005 by \$5.0 million (6.4%) compared to 2004, partly due to COLA increases and partly due to the natural turnover of retirees and beneficiaries with new retirees being added to the payroll with much higher monthly allowances than the retirees and beneficiaries that have died during the year.
- Refunds of contributions increased in 2006 by \$0.2 million (2.0%) compared to 2005. During 2005, refunds of contributions increased by \$0.6 million (6.1%) compared to 2004, and is at least partly attributed to fewer than normal withdrawals.

**Plan Membership**

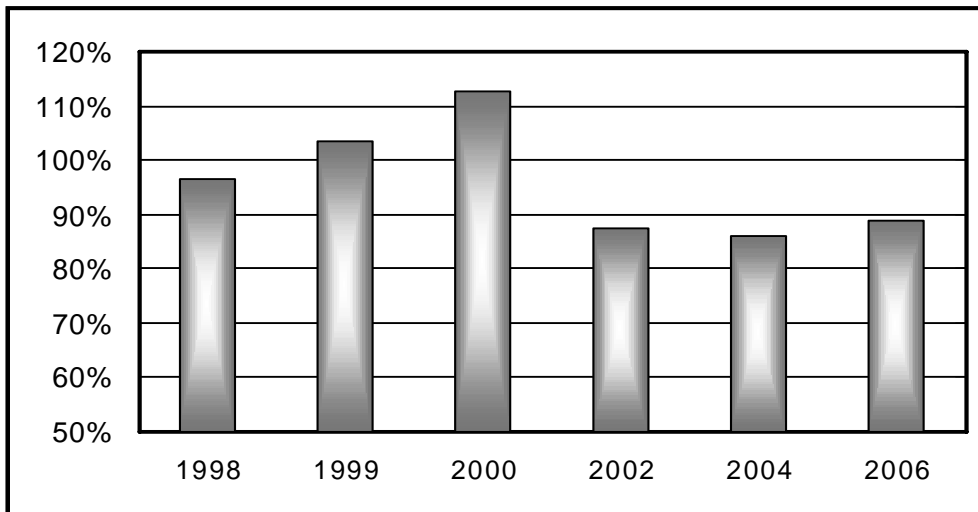
The table below reflects the active membership and retiree changes during 2006:

**Changes in Plan Membership  
For the Years Ended December 31, 2006 and 2005**

	<b>2006</b>	<b>2005</b>	<b>% Change</b>
Retirees and Beneficiaries Receiving Benefits	<u>5,093</u>	<u>5,011</u>	1.6
Current and Terminated Employees Entitled to, But Not Yet Receiving Benefits:			
Current Employee Members	8,587	8,521	0.8
Vested Employee Members	1,648	1,621	1.7
Vested Employee Members with Portability	<u>258</u>	<u>245</u>	5.3
Total	<u>10,493</u>	<u>10,387</u>	1.0

**Funding Status**

**Schedule of Funding Progress  
Funding Ratio  
As of January 1<sup>st</sup> Valuation Date**



Funds are accumulated from employer and employee contributions, and investment earnings, and are used to pay present and future benefit obligations and administrative expenses. The better the level of funding, the larger the ratio of assets accumulated and investment income potential. Although the historical level of funding for the Seattle City Employees' Retirement System is adequate, we continue to make a constant effort to achieve a fully funded status, thereby assuring the participants of a financially sound retirement system. The funding ratio as of January 1, 2006 was 88.8%. Most active members contribute 8.03% of their salaries to the retirement fund and the City contributes 8.03%. For a detailed breakdown of the funding progress, please see the "Actuarial Section".

## Investment Activities

One-year returns on asset classes and comparative benchmarks are presented in the table below:

### Investment Return For the Years Ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Total Portfolio	13.9 %	8.1 %
Domestic Equities	14.1	7.4
<i>Benchmark: Russell 3000 Index</i>	<i>15.7</i>	<i>6.1</i>
International Equities	26.9	15.1
<i>Benchmark: MSCE EAFE Index</i>	<i>26.9</i>	<i>14.0</i>
Fixed Income	5.1	3.8
<i>Benchmark: Lehman Brothers Aggregate</i>	<i>4.3</i>	<i>2.4</i>
Real Estate	18.3	20.3
<i>Benchmark: Russell NCREIF Property Index</i>	<i>15.5</i>	<i>20.7</i>
Alternative (combined)	10.6	3.1
Venture Capital	8.4	(10.3)
Hedge Funds - Low Volatility	11.0	3.1
<i>Benchmark: Treasury Bills + 5%</i>	<i>10.0</i>	<i>6.1</i>
Hedge Funds - Low Volatility	10.2	3.1
<i>Benchmark: Treasury Bills + 3%</i>	<i>8.0</i>	<i>6.1</i>
Mezzanine Debt	7.0	-
<i>Benchmark: 9% Assumption</i>	<i>9.0</i>	<i>-</i>

The investments of the Retirement System are governed primarily by the “prudent investor rule.” The prudent investor rule, as set forth by state statute, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the fund.

Rebounding financial markets in the U.S. and abroad impacted the System’s investments, and resulted in a net gain in value of \$242,727,363. The gain on the market value of the total investment portfolio was 13.9%. 2006 was a positive year for most domestic and international equity investments. Our hedge funds and our real estate investments also performed well. The Retirement System invests retirement funds for the long-term, anticipating both good and bad financial markets. Investments are diversified to reduce investment risk.

### Effect of Economic Factors

After several years of robust growth, the U.S. economy is experiencing a slight downturn. In recent months the pace of job creation has slowed, the unemployment rate has leveled off, and the rate of corporate profit growth has decelerated. However, with higher interest rates we have also seen the housing markets cool off. Even though the nation is experiencing a slight downturn, the Puget Sound region is poised for moderate growth. Since the funding of the Retirement System is determined by employee and employer contributions and long-term investment income, the Seattle City Employees’ Retirement System is structured to continue to provide the retirement benefits earned by its members.

### Contacting the Seattle City Employees’ Retirement System

If you have questions about this report or need additional information, please contact us by phone at: (206) 386-1293 or by email at: [RetireCity@Seattle.gov](mailto:RetireCity@Seattle.gov) or you may mail your questions to:

Seattle City Employees’ Retirement System  
720 Third Avenue, Suite 1000  
Seattle, WA 98104

## Seattle City Employees' Retirement System

### Statements of Plan Net Assets

As of December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>Assets:</b>		
Cash and equity in pooled investments	\$ 25,713,012	\$ 15,675,966
Short-term investment funds	66,629,483	43,290,055
Securities lending collateral	145,097,240	122,862,720
Receivables:		
Plan members	1,181,695	1,303,174
Employer	3,929,995	3,635,802
Interest and dividends	2,328,299	1,928,447
Total Receivables	<u>7,439,989</u>	<u>6,867,423</u>
Investments, at fair value:		
U.S. Government obligations	139,700,403	115,261,542
Domestic corporate bonds	71,833,915	102,019,474
Domestic stocks	970,965,137	900,993,088
International stocks	212,328,995	201,640,801
Real estate	237,796,406	187,813,953
Alternative / Venture capital	199,070,322	207,185,142
Mezzanine debt	88,390,057	19,015,772
Total Investments	<u>1,920,085,235</u>	<u>1,733,929,772</u>
Equipment and fixtures, at cost, net of accumulated		
depreciation of \$198,522 and \$198,176, respectively	3,308	3,654
Total Assets	<u>2,164,968,267</u>	<u>1,922,629,590</u>
<b>Liabilities:</b>		
Refunds payable and other	8,717,400	8,002,610
Securities lending collateral	145,097,240	122,862,720
Total Liabilities	<u>153,814,640</u>	<u>130,865,330</u>
<b>Net assets held in trust for pension benefits</b>	<b><u>\$ 2,011,153,627</u></b>	<b><u>\$ 1,791,764,260</u></b>
<small>(A schedule of funding progress for the plan is presented on page 14.)</small>		

See notes to financial statements.

## Seattle City Employees' Retirement System

### Statements of Changes in Plan Net Assets

For the Years Ended December 31, 2006 and 2005

<b>Additions:</b>	<b>2006</b>	<b>2005</b>
Contributions:		
Employer	\$ 38,077,976	\$ 35,897,345
Plan members	38,228,475	35,962,449
Total Contributions	76,306,451	71,859,794
Investment Income:		
Net appreciation in fair value of investments	221,628,976	111,897,456
Interest	15,769,647	14,663,600
Dividends	9,062,536	6,908,475
Total Investment Gain	246,461,159	133,469,531
Investment Activity Expenses:		
Investment management fees	(3,553,770)	(3,603,970)
Performance measurement and asset allocation fees	(104,000)	(97,000)
Investment custodial fees	(76,026)	(177,262)
Total Investment Activity Expenses	(3,733,796)	(3,878,232)
<i>Net Gain From Investment Activities</i>	242,727,363	129,591,299
Securities Lending Activities:		
Securities lending income	5,473,758	6,397,366
Securities lending expenses:		
Borrower rebates	(5,035,154)	(5,727,501)
Management fees	(109,360)	(166,895)
Total Securities Lending Activities Expenses	(5,144,514)	(5,894,396)
<i>Net Income from securities lending activities</i>	329,244	502,970
Total Net Investment Gain	243,056,607	130,094,269
Total Additions	319,363,058	201,954,063
<b>Deductions:</b>		
Benefits	87,583,509	82,268,449
Refunds of contributions	10,553,067	10,385,215
Administrative expense	1,837,115	2,001,286
Total Deductions	99,973,691	94,654,950
<b>Net Increase</b>	219,389,367	107,299,113
<b>Net assets held in trust for pension benefits:</b>		
<b>Beginning of Year</b>	<b><u>1,791,764,260</u></b>	<b><u>1,684,465,147</u></b>
<b>End of Year</b>	<b><u>\$ 2,011,153,627</u></b>	<b><u>\$ 1,791,764,260</u></b>

See notes to financial statements.



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS**

**Note 1: Plan Description**

The Seattle City Employees' Retirement System (the System) is a single-employer defined benefit public employee retirement system, covering employees of the City of Seattle and administered in accordance with Chapter 4.36 of the Seattle Municipal Code. The System is a pension trust fund of the City of Seattle.

All employees of the City of Seattle are eligible for membership in the System with the exception of uniformed police and fire personnel who are covered under a retirement system administered by the state of Washington. Employees of METRO and the King County Health Department who established membership in the System when these organizations were City of Seattle Departments were allowed to continue their System membership. There are currently 5,093 retirees and beneficiaries receiving benefits; and 8,587 active members of the System. There are 1,648 vested terminated employees entitled to future benefits. There are 258 additional terminated employees who have restored their contributions due to the provisions of the portability statutes and may be eligible for future benefits.

The System provides retirement, death, and disability benefits. Retirement benefits vest after five years of credited service, while death and disability benefits vest after 10 years of service. Retirement benefits are calculated as 2% multiplied by years of creditable service, multiplied by average salary, based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement.

**Note 2: Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of accounting:** The financial statements were prepared using the accrual basis of accounting.

**New accounting standard:** As of January 1, 2005, the System adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement establishes and modifies disclosure requirements related to investment and deposit risks. The impact of this standard on the Fund's financial statements consists of enhanced disclosures of risks and policies related to such risks in the footnotes.

**Cash and equity in pooled investments:** The System classifies as cash and equity in pooled investments cash on deposit in financial institutions and cash on deposit in the City's internal cash management pool. The System also classifies certain short-term highly liquid securities with an original maturity of three months or less as cash equivalents.

**Method used to value investments:** Common stock, international equities, fixed income, international fixed income, and short-term investments are reported at fair market value which is based on the quoted market price. Venture capital and real estate equities are reported at fair market value which has been determined by independent appraisers. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest income earned, less investment expense, plus income from securities lending activities, less deductions for security lending expenses. Securities and securities transactions are reflected in the financial statements on a trade-date basis. Investments are made in accordance with the Prudent Person Rule as defined by the State of Washington RCW 35.39.060.

**Contributions:** Employee and employer contributions are reported in the period in which the contributions are due.

**Equipment and fixtures:** Equipment and fixtures are stated at actual cost less accumulated depreciation. Estimated useful lives by major class include: three years for computer equipment and 15 years for office furniture and equipment. The straight-line method of depreciation method is used.

**Note 3: Contributions**

Member and employer contribution rates are established by the Seattle Municipal Code Chapter 4.36.

The employer contribution rate is determined by the actuarial formula identified as the Entry Age Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total necessary contributions, including amounts necessary to pay administrative costs, are determined through biannual actuarial valuations.

Actuarially determined contribution rates are currently 8.03% for members and 8.03% for the employer. There are no long-term contracts for contributions outstanding and no legally required reserves.

**Note 4: Cash and Equity in Pooled Investments**

The Federal Deposit Insurance Corporation (FDIC) insures the cash deposits up to \$100,000 per member of the System. As provided by State of Washington RCW 43.84, the Washington Public Deposit Protection Commission (PDPC) collateralizes deposits in excess of \$100,000. The bank balances of deposits as of the balance sheet date are entirely insured.

**Note 5: Investments**

The System's investments include investments that are insured or registered or securities held by the System or its agent in the System's name.

No investment in any one corporation exceeds 5% of net assets available for benefits. Less than 5% of plan assets were invested in derivative securities. All derivatives were nonleveraged securities consisting of collateralized mortgage obligations (CMOs), Treasury strips, convertible bonds, futures, etc.

Short-term Investment Funds is a collective trust that may include certificates of deposit, Treasury bills, and mutual funds. The Alternative / Venture category currently includes venture capital and hedge funds.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of the failure of a financial institution or a bank, the System will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The System mitigates custodial credit risk by having its investment securities held by the System's custodian and registered in the System's name. The System's short-term investments are created through daily sweeps of excess cash by the System's custodian, and invested in a vehicle managed by the custodian. Approximately 1% of the System's assets are held in cash. This cash is managed by the City's Department of Executive Administration in a pool that operates like a demand deposit account, in that these funds are available at any time and may be withdrawn from the pool without prior notice or penalty. These cash deposits are insured.

**Credit Risk**

Credit risk is the risk that an issuer, or other counterparty, to an investment will not fulfill its obligations. In accordance with the System's Investment Policy, the Retirement Board provides each of the System's investment managers with a set of investment guidelines. These guidelines specify eligible investments, minimum diversification standards, and applicable investment restrictions necessary for diversification and risk control. Managers do not have authority to depart from their guidelines.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The System's operational guidelines for investments in any corporate entity are stated in each individual manager's specific portfolio guideline. In line with policy, the System does not have any investments from a single issuer (excluding explicitly guaranteed governments) that represent more than 5% of the System's net assets.

**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. Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. In accordance with the System's Investment Policy, the Retirement Board provides each of the System's investment managers with a set of investment guidelines. These guidelines specify eligible investments, minimum diversification standards, and applicable investment restrictions necessary for diversification and risk control. Managers do not have authority to depart from their guidelines.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risk, primarily reside within the international equity investment holdings. The System expects these managers to maintain adequately diversified portfolios to limit foreign currency and security risk. Per the System's policy, individual manager guidelines include the ranges of acceptable exposure.

As of December 31, 2006, the fixed income portfolio of the Seattle City Employees' Retirement System had the following investments and maturities. The portfolio is presented as rated by Standard & Poor's.

Investment Type	Fair Value	Investment Maturities (in years)				Treasury	Agency	AAA	AA	A	BBB	BB	B	CCC & Below	Not Rated
		< 1	1 - 5	6 - 10	> 10 years										
Fixed Income															
U.S. Government															
Treasuries	24,332,386	2,448,927	12,335,689	5,862,159	3,685,611	24,332,386									
TIPS	8,681,390		3,471,665	2,175,990	3,033,735	8,681,390									
Agencies	15,402,356	869,930	6,588,673	3,200,181	4,743,572		15,402,356								
Mortgage Backed															
Gov't Pass Through	15,437,808	7,409	270,050	2,853,393	12,306,956		15,437,808								
Corp Pass Through	21,984,521	471,219	165,528		21,347,774			20,270,482	34,985	337,407	51,750	553,925	72,966	663,006	
CMO's															
Government CMO's	7,025,629	161,481	256,754	3,281,162	3,326,232		7,025,629								
CDO's & CLO's															
Corporate	18,650,493			3,018,832	15,631,661					1,013,894	10,066,093			7,570,506	
Corporate															
Bonds	45,471,154	1,507,615	17,951,346	9,842,084	16,170,109			1,422,758	2,543,081	8,547,337	15,747,230	5,296,569	8,712,174	1,427,923	1,774,082
Asset Backed	13,115,870	363,366	4,967,981	1,340,697	6,443,826			6,023,108	230,441	341,323	246,068	487,066	735,328	5,052,536	
Private Placements	17,320,000		9,822,610	3,496,728	4,000,662			1,326,337	356,258	2,683,774	2,639,672	2,078,489	1,373,516	6,861,954	
Developed Markets															
Gov't/Sovereign	405,620			247,233	158,387			158,387		247,233					
Emerging Markets															
Gov't/Sovereign	1,043,029		445,638	129,853	467,538			117,530			426,249			499,250	
Convertible Bonds	3,135,681														
Convertible Preferred	1,620,533														
Derivatives	131,708														
Index Funds	7,185,191														
Mutual Funds	12,348,927														
Short Term															
Repurchase Agreements	46,320,450														
Pooled Funds	11,695,197														
	271,307,943	5,829,947	56,275,934	35,448,312	91,316,063	33,013,776	37,865,793	29,318,602	3,164,765	12,157,074	20,124,863	18,482,142	10,893,984	2,090,929	21,758,328

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Seattle City Employees' Retirement System

Financial Section

The fixed income portfolio is primarily managed by three external money management firms, hired through an RFP process, to manage a diversified portfolio of fixed income securities. Managers have agreed to a set of guidelines that provide ranges and limits for varying types of securities that may be held within the portfolio. A consultant is hired to measure performance and monitor the investment style. The Investment Committee reviews the consultants results quarterly.

**Note 6: Securities Lending Transactions**

Gross income from securities lending transactions are recorded in the operating statements as well as the various fees paid to the institution that oversees the lending activity. The value of the collateral that is being held is represented as an asset and a liability on the Statement of Plan Net Assets.

Under the authority of State of Washington RCW 41.28.005 and Seattle Municipal Code 4.36.130, the System's Board of Administration adopted investment policies that define eligible investments, which include securities lending transactions. Through a custodial agent, the System participates in a securities lending program whereby securities are loaned for the purpose of generating additional income to the System. The System lends securities from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. There are no restrictions on the amount of securities that may be loaned. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distribution by the securities' issuers while the securities are on loan. Cash and U.S. government securities were received as collateral for these loans. The System cannot pledge or sell collateral securities without a borrower default. The System invests cash collateral received; accordingly, investments made with cash collateral appear as an asset. A corresponding liability is recorded as the System must return the cash collateral to the borrower upon the expiration of the loan. There have been no losses resulting from a default, and the System did not have negative credit exposure at December 31, 2006.

	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
<b>Types Of Securities Lent:</b>	Fair Value of Securities Lent	Collateral	Fair Value of Securities Lent	Collateral
U.S. Government and Agencies	\$ 33,327,238	\$ 34,050,525	\$ 19,145,386	\$ 19,844,722
U.S. Corporate Fixed Income	14,308,619	14,662,532	9,648,899	9,869,695
U.S. Equities	93,375,699	96,384,183	89,991,598	93,148,303
<b>Totals</b>	<b>\$ 141,011,556</b>	<b>\$ 145,097,240</b>	<b>\$ 118,785,883</b>	<b>\$ 122,862,720</b>
		<u>2006</u>		<u>2005</u>
<b>Collateral Report:</b>				
U.S. Corporate Obligations		\$ 17,499,928		\$ 55,005,052
Bank Obligations		16,000,000		23,995,824
Commercial Paper				4,976,708
Repurchase Agreements		84,852,821		6,168,896
Asset Backed Securities		18,741,771		4,708,482
Certificates of Deposits				14,994,008
Time Deposits				5,000,000
Euro Clear Floater		8,002,720		8,013,750
<b>Total Collateral</b>		<b>\$ 145,097,240</b>		<b>\$ 122,862,720</b>

**REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF FUNDING PROGRESS**

(Dollar amounts in millions)

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) - Entry Age (1) (b)	Unfunded AAL (UAAL) (2) (b - a)	Funded Ratio (a / b)	Covered Payroll (3) (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
1999	\$ 1,375.0	\$ 1,326.6	\$ (48.4)	103.6	\$ 370.4	(13.1)
2000	1,582.7	1,403.1	(179.6)	112.8	383.6	(46.5)
2001 (4)	1,493.1	1,490.3	(2.8)	100.2	405.0	(0.7)
2002	1,383.7	1,581.4	197.7	87.5	405.1	48.8
2004	1,527.5	1,778.9	251.4	85.9	424.7	59.2
2006	1,791.8	2,017.5	225.8	88.8	447.0	50.5

- (1) Actuarial present value of benefits less actuarial present value of future normal costs based on Entry Age Actuarial Cost Method.  
(2) Actuarial accrued liabilities less actuarial value of assets.  
(3) Covered Payroll includes compensation paid to all active employees on which contributions are calculated.  
(4) These numbers were provided by an actuarial study, rather than a full valuation.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

(Dollar amounts in millions)

Year Ended December 31	Actual Employer Contributions	Percentage Contributed
2001	\$ 32.7	100
2002	36.6	100
2003	34.2	100
2004	36.8	100
2005	35.8	100
2006	38.0	100

(For additional information regarding employer contributions, please see the notes to the financial statements.)

Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/2006
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30.2 years
Amortization period	Open
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return *	7.75 %
Projected salary increases *	4.00 %
Post-retirement benefit increases	0.67 % - 1.50 %

\* Includes inflation at 3.50 %

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
 SCHEDULE OF ADMINISTRATIVE EXPENSES  
 For the Years Ended December 31, 2006 and 2005

	<b>Budget</b>	<b>Actual Expenses</b>	
	<b><u>2006</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Personnel Services			
Salaries	\$ 814,087	\$ 589,816	\$ 715,534
Benefits	<u>231,903</u>	<u>205,847</u>	<u>200,079</u>
Total Personnel Services	1,045,990	795,663	915,613
Maintenance and Operations			
Investment Services	5,468,015	3,733,796	3,878,232
Actuarial Services	40,000	11,588	43,017
Audit Services	47,000	43,391	43,500
Legal Services	60,000	90,625	85,847
Miscellaneous Services	15,589	18,137	18,261
Office Rent	99,036	119,819	119,440
Intra Gov't & Data Processing	644,764	602,727	623,194
Office Supplies and Expenses	108,379	59,411	77,697
Postage	49,370	60,285	51,270
Telephone	13,311	13,733	7,748
Travel	37,500	12,092	10,279
Training	30,564	9,299	5,075
Depreciation	<u>          </u>	<u>345</u>	<u>345</u>
Total Maintenance and Operations	5,954,278	4,775,248	4,963,905
Securities Lending Fees (Investment Expense)	<u>          </u>	<u>5,144,514</u>	<u>5,894,396</u>
<b>Total Administrative Expenses</b>	<b><u><u>\$ 6,955,639</u></u></b>	<b><u><u>\$10,715,425</u></u></b>	<b><u><u>\$ 11,773,914</u></u></b>

(This schedule includes investment services and securities lending as part of administrative expenses.)

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENT EXPENSES  
For the Year Ended December 31, 2006

Investment Services

Advent Capital	\$ 22,755
Barclays	162,241
Bear Stearns	253,329
Boston Company	106,036
Calamos	305,446
Capital Management Associates	232,548
Cascadia Capital	75,000
Dimensional Fund Advisors	769,187
Earnest	236,033
ING	72,056
Lazard	7,409
MFS	7,060
MDL	12,248
Pugh Capital	74,585
Reams	44,307
Snow Capital	216,402
Washington Capital	60,575
Western Asset	357,705
Wellington	538,848
	<u>3,553,770</u>

Performance Measurement

Wurts & Associates	104,000
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Custodial Services

Bank of New York	76,026
------------------	--------

Securities Lending Services

Bank of New York	<u>5,144,514</u>
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<b>Total Investment Expenses</b>	<b>\$ <u>8,878,310</u></b>
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SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENT CASH AND SECURITIES  
December 31, 2006

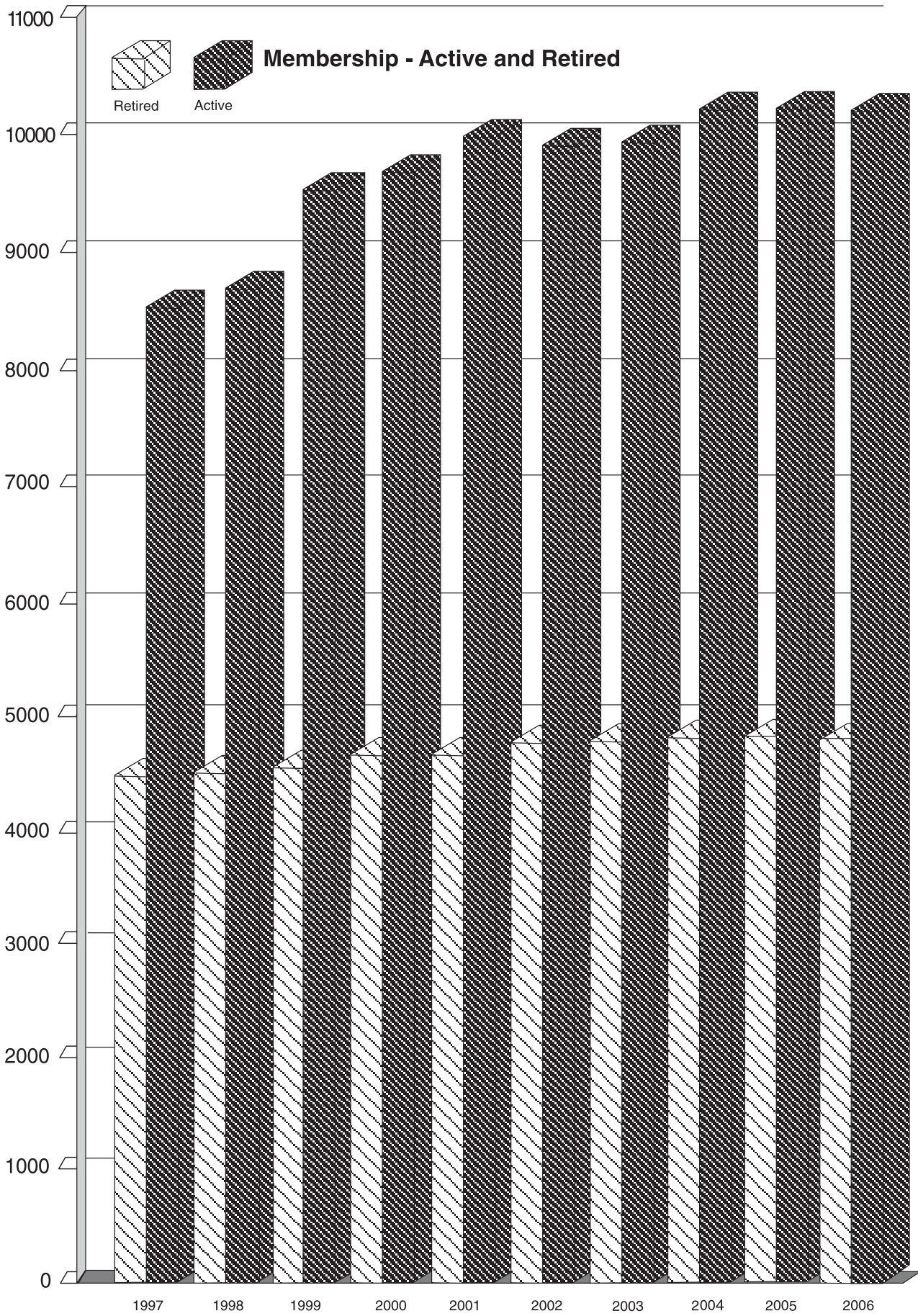
	Market		Market
Short-term Investments	\$ 66,629,483	Real estate:	
Domestic stocks:		J.P. Morgan - commingled funds	152,383,801
Bear Stearns Plus	77,886,039	J.P. Morgan Alternative Property Fund	15,139,032
Dimensional Fund Advisors	236,407,851	American Realty	4,255,998
Calamos	35,559,180	Washington Capital	6,513,161
Capital Management Associates	48,629,261	Carlyle Realty IV	10,026,069
Snow Capital	57,674,972	TA Associates VI	10,188,463
Earnest	31,846,860	TA Associates VII	14,573,879
ING	18,709,106	TA Associates VIII	-16,679
Wellington	94,135,726	Hearthstone III	1,271,178
Barclays - Russell 3000 Fund	116,206,985	RREEF - West VI	37,649
Barclays - S&P 500 Fund	253,909,157	RREEF - REIT II	23,423,855
	<u>970,629,483</u>		<u>237,796,406</u>
International stocks:		Alternative / Venture capital:	
Lazard	74,009	Amerindo	6
MFS	1,503,000	Advent Capital	11,980,147
Boston Company	55,155,108	Aetos	15,312,362
Dimensional Fund Advisors - small cap	100,394,103	Attalus	15,988,974
Dimensional Fund Advisors - large cap	11,734,345	Coast Diversified Fund	12,590,650
Barclays - EAFE Fund	43,468,430	Epsilon Global Value II	21,394,053
	<u>212,328,995</u>	Tremont Diversified	24,177,099
Fixed Income:		Magna Highlight	154,537
Transition Account	3,979,455	Phoenix Partners - III	782,261
Advent Capital	9,947,604	Phoenix Partners - IV	2,641,250
Pugh Capital	26,148,169	Quellos Global Restructuring	17,619,439
Reams	50,559,761	Quellos Co-Investment	2,717,529
Western Asset	87,093,169	Quellos Strategic Partners	73,712,014
Barclays - Intermediate Gov't/Corp Fund	7,185,191		<u>199,070,321</u>
In-house - BONY	26,620,969	Mezzanine debt:	
	<u>211,534,318</u>	Babson Tower Square II	6,346,980
		Bison Capital	1,631,975
		Carlyle Mezzanine Partners	7,104,155
		Capri Select Income II	5,663,224
		Carbon Capital II	10,023,135
		Lehman Brothers Real Estate Partners	9,801,546
		MKA	31,719,483
		Nogales Investment Partners	76,527
		Oaktree Mezzanine II	6,900,000
		Smith Whiley Pelham Fund III	766,912
		TCW	8,356,120
			<u>88,390,057</u>

	Market
Short-term Investments	\$ 66,629,483
Domestic stocks	970,965,137
International stocks	212,328,995
Fixed income	211,534,318
Real estate	237,796,406
Alternative / venture capital	199,070,321
Mezzanine debt	88,390,057
Total Investment Holdings	<u>1,986,714,717</u>
Total Cash and Cash Equivalents	25,713,012
Total Securities Lending Collateral	<u>145,097,240</u>
<b>Total Investments and Cash</b>	<b>\$ <u>2,157,524,969</u></b>



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June 11, 2007

Board of Administration  
Seattle City Employees' Retirement System  
801 Third Avenue, Suite 300  
Seattle, Washington 98104

Re: Actuarial Valuation Data

Dear Members of the Board:

The actuarial valuation of the Seattle City Employees' Retirement System as of January 1, 2006 was performed by your prior retained actuary, Buck Consultants, and is presented in a separate report issued May 24, 2006. The next scheduled actuarial valuation will be as of January 1, 2008.

The financing objective of the System is to establish contribution rates that tend to remain level as a percentage of payroll. Since January 1, 1984, the recommended total contribution rates were 16.94% of covered salaries: 8.91% of salary for the City and 8.03% of salary for employees. Effective January 1, 1999, the employer rate was reduced to 8.03% and the total contribution rate is now 16.06%. The January 1, 2006 valuation shows the current contribution rates are sufficient to pay the normal cost and amortize the Unfunded Actuarial Accrued Liability over 18.0 years.

The Unfunded Actuarial Accrued Liability will be redetermined as of January 1, 2008, after the completion of the next actuarial valuation. The actuarial assumptions used in the most recent actuarial valuation are summarized in Exhibit 1. Exhibit 1 also discusses the method used to value assets.

The results for the 2004 and 2006 valuations were determined by Buck and are being reported by us without adjustment. Although we did not perform these valuations, we have completed an independent review and believe they are reasonable.

The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Government Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. The assumptions used in the valuation were determined by Buck based on the past experience of the System. Nevertheless, the emerging costs of the System will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions.

Exhibits 1-10 are enclosed. Milliman is responsible for these exhibits, except where previously noted.



Members of the Board  
June 11, 2007  
Page 2

Specifically, they are:

- Exhibit 1 Summary of Actuarial Assumptions and Methods
- Exhibit 2 Schedule of Active Member Valuation Data
- Exhibit 3 Schedule of Retirees and Beneficiaries
- Exhibit 4 GASB Statement No. 27 Annual Pension Cost and Net Pension Obligation
- Exhibit 5 Schedule of Funding Progress
- Exhibit 6 Solvency Test
- Exhibit 7 Schedule of Employer Contributions
- Exhibit 8 GASB Statement No. 27 Five-Year Trend Information
- Exhibit 9 GASB Statement No. 27 Annual Development of Pension Cost
- Exhibit 10 Analysis of Financial Experience

Sincerely,

Nick J. Collier, ASA, EA, MAAA  
Consulting Actuary

KIS/NJC/nlo

Enclosures

cc: Mr. Mel Robertson

Karen I. Steffen, FSA, EA, MAAA  
Consulting Actuary

Exhibit 1

## SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

### Summary Of Actuarial Assumptions And Methods

#### 1. Investment return

The annual rate of investment earnings of the assets of the System is assumed to be 7.75%. This rate is compounded annually and is net of investment expenses (adopted 1/1/2004).

#### 2. Actuarial value of assets

All assets are valued at market as of the valuation date (adopted 1/1/1996).

#### 3. Actuarial Assumptions

The actuarial assumptions and methods were adopted by the Board based upon recommendations from the retained actuary. The actuarial assumptions are based on periodic studies of the System's actual experience.

#### 4. Mortality

##### a. Among contributing members (adopted 1/1/1997)

Men: 50% of rates from the 1994 Group Annuity Mortality (GAM) Table for Males, with ages set forward one year.

Women: 75% of the rates from the 1994 GAM Table for Females, with ages set forward one year.

##### b. Among service retired members and beneficiaries

Men: 1994 GAM Table for Males, with ages set forward one year (adopted 1/1/1997)

Women: 1994 GAM Table for Females, with no age adjustment (adopted 1/1/2006)

##### c. Among disabled members (adopted 1/1/1997)

1992 Railroad Retirement Board Disabled Annuitants Ultimate Mortality Table, with ages set back four years (minimum rate of 2%).



Exhibit 1  
(continued)

## 5. Retirement

Annual rates among persons eligible for a service retirement are illustrated in the following table (adopted 1/1/1999).

Age	Rate of Retirement					
	Men			Women		
	Eligible for Reduced Benefits	First Year Eligible for Full Benefits	Thereafter	Eligible for Reduced Benefits	First Year Eligible for Full Benefits	Thereafter
50	6.0%	15.0%	12.0%	5.0%	10.0%	10.0%
55	6.0	15.0	12.0	5.0	12.0	12.0
60	10.0	20.0	15.0	10.0	18.0	20.0
65	N/A	50.0	50.0	N/A	60.0	60.0

Immediate retirement is assumed for members who have attained age 70.

## 6. Disability retirement

Annual rates are illustrated below:

Age	Rate of Disability Retirement	
	Men	Women
22	-%	-%
32	0.05	0.05
42	0.07	0.07
52	0.10	0.10

(Adopted 1/1/1999)

## 7. Other terminations of employment

The annual rates of termination based on five years of service are illustrated below.

Duration	Rate of Termination	
	Men	Women
1	10.0%	10.5%
3	8.0	8.5
5	6.0	7.1
10	4.0	4.7
15	2.7	2.4
20	1.5	1.8

(Adopted 1/1/1999)

Exhibit 1  
(continued)

**8. Vesting**

The following table illustrates the probability that vested terminating members will elect to receive deferred benefits instead of withdrawing accumulated contributions.

Age	Probability of Retirement among Vested Terminating Members	
	Men	Women
22	2.0%	2.0%
32	20.0	20.0
42	35.0	35.0
52	42.0	42.0

(Adopted 1/1/1999)

**9. Future salaries**

In general, the total annual rates of salary increase include an assumed 4.5% per annum wage inflation rate in the active member payroll, plus increases due to promotions and longevity. The total rates assumed for salary increases for individual members are illustrated below.

Years of Service	Annual Rate of Increase	
	Male	Female
1	9.77%	9.77%
2	8.73	9.73
3	7.68	7.68
4	6.64	6.64
5	6.11	6.11
10	4.86	4.86
15	4.39	4.39
20	4.13	4.29
25	4.13	4.29
30	4.13	4.29
35 or more	4.13	4.29

(Adopted 1/1/1999)

Exhibit 1  
(continued)

**10. Growth in membership**

In general, the combined effects of increases in membership and salary levels are assumed to produce a 4.0% average annual expansion in the payroll of covered members (adopted 1/1/2004).

**11. Actuarial cost method**

The entry age actuarial cost method.

The unfunded actuarial liability created by this method, including gains and losses, is amortized as a level percentage of the System's projected payroll.

**12. Interest on member contributions**

5.75% per annum, compounded annually (adopted 8/31/82).

**13. Postretirement increases**

The December bonus dividend described in the Actuarial Section of the CAFR is payable at the end of each year is approximately equivalent to a 2/3%, compounded annually, benefit increase. Certain COLA benefits were adopted by the City Council during 1998: a 60% Restoration of Purchasing Power (ROPP) benefit for members retired prior to January 1, 1998 (includes the value of the December bonus payment); and an automatic 1.5% annual COLA to all members retired on or after January 1, 1998, with a minimum guarantee that the benefit will be the greater of the automatic 1.5% increased amount or the 60% ROPP benefit. The financial impact of the ROPP benefit is valued assuming an annual price inflation rate of 3.50%.

**14. Administrative expenses**

The annual contribution assumed to be necessary to meet administrative expenses of the System is 0.35% of members' salaries. These figures are included in the calculation of the normal cost rate (adopted 1/1/1999).

**15. Probability of Marriage**

It is assumed 60% of the active members are married or have a registered domestic partner.



Exhibit 2

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM****Schedule Of Active Member Valuation Data**

<u>Valuation Date</u>	<u>Number</u>	<u>Annual Valuation Payroll*</u>	<u>Average Annual Pay</u>	<u>Annualized % of Increase in Average Pay</u>
8/31/1982	6,839	\$170,737,000	\$24,965	- %
1/1/1984	6,702	176,414,000	26,322	4.0
1/1/1986	6,797	187,435,000	27,576	2.4
1/1/1988	7,049	203,230,000	28,831	2.3
1/1/1990	7,225	230,364,000	31,884	5.2
1/1/1992	7,942	264,564,000	33,312	2.2
1/1/1994	8,025	287,316,000	35,803	3.7
1/1/1996	8,078	314,448,000	38,926	4.3
1/1/1997	7,909	312,744,000	39,543	1.6
1/1/1998	7,926	329,028,000	41,512	5.0
1/1/1999	7,779	333,984,000	42,934	3.4
1/1/2000	8,669	382,620,000	44,137	2.8
1/1/2002	8,758	418,908,000	47,831	8.4
1/1/2004	8,382	441,562,000	52,680	10.1
1/1/2006	8,521	468,096,000	54,934	4.3

*\*Actuarial Valuation payroll is computed as the sum of the annualized salaries for all active members and differs from the actual payroll shown in the financial section of the annual report.*

## Exhibit 3

**Schedule Of Retirees And Beneficiaries\*\***

Valuation Date	Number	Annual Allowances	Average Annual Allowances	Annualized % of Increase in Average Allowances
8/31/1982	4,058	\$19,942,000	\$4,914	- %
1/1/1984	4,276	24,060,000	5,627	10.7
1/1/1986	4,424	26,329,000	5,951	2.8
1/1/1988	4,524	30,926,000	6,836	7.2
1/1/1990	4,809	35,541,000	7,391	4.0
1/1/1992	4,663	37,595,000	8,062	4.4
1/1/1994	4,615	40,233,000	8,718	4.0
1/1/1996	4,619	44,271,000	9,585	4.9
1/1/1997	4,661	47,594,000	10,211	6.5
1/1/1998	4,649	50,310,000	10,822	6.0
1/1/1999	4,644	52,481,000	11,301	4.4
1/1/2000	4,681	55,542,000	11,865	8.0
1/1/2002	4,733	61,801,000	13,058	10.1
1/1/2004	4,876	74,341,000	15,246	16.8
1/1/2006	5,011	83,988,000	16,761	9.9

*\*\*Information regarding the number of retirees and beneficiaries added to and removed from the roll was not used in the actuarial valuations.*



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Exhibit 4

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM****GASB Statement No. 27 Annual Pension Cost  
And Net Pension Obligation**

	<b>Fiscal Year Ended December 31</b>	
	<b>2005</b>	<b>2006</b>
1a Total Normal Cost Rate	13.05%	12.50%
1b Employee Contribution Rate	<u>8.03%</u>	<u>8.03%</u>
1c Employer Normal Cost Rate (1a – 1 b)	5.02%	4.47%
2a Total Employer Contribution Rate	8.03%	8.03%
2b Amortization Payment Rate (2a – 1 c)	3.01%	3.56%
2c Amortization Period	30.2	18.0
2d GASB 27 Amortization Rate	3.01%	3.56%
3 Total Annual Required Contribution (ARC) Rate (1c + 2d)	8.03%	8.03%
4 Covered Employee Payroll*	\$447,040,411	\$472,470,212
5a ARC (3 x 4)	\$35,897,345	\$37,939,358
5b Interest on Net Pension Obligation (NPO)	(5,910,271)	(6,049,964)
5c ARC Adjustment	<u>4,107,791</u>	<u>5,865,455</u>
5d Annual Pension Cost (APC) (5a + 5b + 5c)	\$34,094,865	\$37,754,849
6 Employer Contribution**	\$35,897,345	\$37,939,358
7a Change in NPO (5d - 6)	\$(1,802,480)	\$(184,509)
7b NPO at Beginning of Year	<u>(76,261,567)</u>	<u>(78,064,047)</u>
7c NPO at End of Year (7a + 7b)	\$(78,064,047)	\$(78,248,556)

\* Covered payroll includes compensation paid to all active employees on which contributions were made in the year preceding the valuation date.

\*\* Includes contributions to the Death Benefit System for 2001.



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Exhibit 5

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**

**Schedule Of Funding Progress**

(Dollar Amounts in Millions)

Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) (1)	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll
1986	\$ 395.7	\$ 561.3	\$ 165.6	70.5%	\$ 182.0	91.0%
1988	445.4	595.3	149.9	74.8	199.0	75.3
1990	558.8	737.9	179.1	75.7	212.3	84.4
1992	660.0	810.5	150.5	81.4	239.4	62.9
1994	781.8	926.2	144.4	84.4	291.8	49.5
1996	980.2	1,019.7	39.5	96.1	310.6	12.7
1997	1,094.8	1,087.3	(7.5)	100.7	316.9	(2.4)
1998 <sup>(4)</sup>	1,224.6	1,266.7	42.1	96.7	341.5	12.3
1999	1,375.0	1,326.6	(48.4)	103.6	370.4	(13.1)
2000	1,582.7	1,403.1	(179.6)	112.8	383.6	(46.5)
2002	1,383.7	1,581.4	197.7	87.5	405.1	48.8
2004	1,527.5	1,778.9	251.4	85.9	424.7	59.2
2006	1,791.8	2,017.5	225.8	88.8	447.0	50.5

(1) Actuarial present value of benefits less actuarial present value of future normal costs based on Entry Age Actuarial Cost Method.

(2) Actuarial accrued liabilities less actuarial value of assets. Funding Excess if negative.

(3) Covered Payroll includes compensation paid to all active employees on which contributions are calculated.

(4) Reflects increased COLA benefits adopted by the City Council after the valuation was completed



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Exhibit 6

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**

**Funding Ratios**

(Dollar Amounts in Millions)

Actuarial Valuation Date January 1	Actuarial Accrued Liabilities for				Portion of Actuarial Accrued Liabilities Covered by Assets				
	(A) Actuarial Value of Assets	(B) Active Member Contributions	(C) Inactives, Retirees and Beneficiaries	(D) Active Members (Employer Financed Portion)	(A) Total	(B) Total			
1986	\$ 395.7	\$ 110.7	\$ 263.1	\$ 187.5	\$ 561.3	100.0%	100.0%	11.7%	70.5%
1988	445.4	136.0	303.6	155.7	595.3	100.0	100.0	3.7	74.8
1990	558.8	164.0	332.8	241.1	737.9	100.0	100.0	25.7	75.7
1992	660.0	202.6	357.9	250.0	810.5	100.0	100.0	39.8	81.4
1994	781.8	248.4	383.1	294.7	926.2	100.0	100.0	51.0	84.4
1996	980.2	294.1	409.3	316.3	1,019.7	100.0	100.0	87.5	96.1
1997	1,094.8	313.1	449.8	324.4	1,087.3	100.0	100.0	100.0	100.7
1998 <sup>(1)</sup>	1,224.6	337.3	551.8	377.6	1,266.7	100.0	100.0	88.9	96.7
1999	1,375.0	358.4	577.6	390.6	1,326.6	100.0	100.0	100.0	103.6
2000	1,582.7	385.2	599.4	418.5	1,403.1	100.0	100.0	100.0	112.8
2002	1,383.7	434.3	675.6	471.5	1,581.4	100.0	100.0	58.1	87.5
2004	1,527.5	482.5	758.9	537.5	1,778.9	100.0	100.0	53.2	85.9
2006	1,791.8	539.7	902.2	575.6	2,017.5	100.0	100.0	60.8	88.8

(1) Reflects increased COLA benefits adopted in 1998.



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Exhibit 7

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**Schedule Of Employer Contributions**  
(Dollar Amounts in Millions)

Fiscal Year Ending December 31	Covered Employee Payroll (1)	Actual Employer Contributions (2)	Actual Employer Contribution % (2)	Annual Required Contribution (ARC) % (3)	Percentage of ARC Contributed
1992	\$280.4	\$25.1	8.91%	8.91%	100%
1993	291.8	26.1	8.91	8.91	100
1994	298.0	26.7	8.91	8.91	100
1995	310.6	27.8	8.91	8.91	100
1996	316.9	28.4	8.91	8.91	100
1997	316.3	28.3	8.91	8.91	100
1998 <sup>(4)</sup>	341.5	30.6	8.91	8.91	100
1999	370.4	29.7	8.03	4.50	178
2000	383.6	30.8	8.03	4.50	178
2001	405.1	32.7	8.03	3.04	264
2002	454.5	36.6	8.03	3.04	264
2003	424.7	34.2	8.03	8.03	100
2004	456.8	36.7	8.03	8.03	100
2005	447.0	35.9	8.03	8.03	100
2006	472.5	37.9	8.03	8.03	100

- (1) Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll.
- (2) The actual and required employer contributions are expressed as a percentage of payroll, after first recognizing the \$12 per employee assessment made for the death benefits. This assessment per employee is included in the actual employer contributions reported and has been previously recognized by the actuary in determining the ARC.
- (3) The City makes employer contributions as a percentage of actual payroll as set in the City Ordinance. Thus, as long as the percentage equals the percentage required by the most recent actuarial valuation, the dollar amount of the Annual Required Contributions (ARC) is equal to the actual dollar amount of the employer contributions. Since the City had always contributed on a basis equal to the ARC prior to 1999, the Annual Pension Cost (APC) was equal to the Annual Required Contributions (ARC) and the Net Pension Obligation (NPO) was zero. The City Ordinance does not permit a reduction in the employer contribution rate less than the employee contribution rate. Thus, the City's contributions exceeded the ARC for 1999-2001 and resulted in a negative NPO amount.
- (4) ARC reflects the increased COLA benefits adopted in 1998.


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Exhibit 8

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM****GASB Statement No. 27 Five-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Contribution as a Percentage of APC</u>	<u>Net Pension Obligation (NPO)</u>
December 31, 2002	\$ 12,495,606	293	\$ (72,182,540)
December 31, 2003	31,882,527	107	(74,500,706)
December 31, 2004	34,920,836	105	(76,261,567)
December 31, 2005	34,094,865	105	(78,064,047)
December 31, 2006	37,754,849	100	(78,248,556)



Exhibit 9

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**GASB Statement No. 27 Annual Development Of Pension Cost**

Fiscal Year Ending	ARC at EOY	Interest on NPO	ARC Adjustment	Annual Pension Cost (APC)	Total Employer Contributions	Change in NPO	NPO Balance*	Gain/Loss	Amort. Factor	Amort. of Gain/Loss	Ending Balance
December 31, 1999	16,669,672	0	0	16,669,672	29,746,104	(13,076,432)	(13,076,432)	(13,076,432)	19.05650	-	(13,076,432)
December 31, 2000	17,268,146	(1,046,115)	686,193	16,908,224	30,814,048	(13,905,824)	(26,982,256)	(13,545,902)	19.05650	(686,193)	(26,982,256)
December 31, 2001	12,313,993	(2,158,580)	1,415,908	11,571,321	32,667,381	(21,096,060)	(48,078,316)	(20,353,388)	19.05650	(1,415,908)	(48,078,316)
December 31, 2002	13,816,188	(3,846,265)	2,525,683	12,495,606	36,599,830	(24,104,224)	(72,182,540)	(22,783,642)	19.05650	(2,525,683)	(72,182,540)
December 31, 2003	34,100,457	(5,774,603)	3,556,673	31,882,527	34,200,693	(2,318,166)	(74,500,706)	(100,236)	19.05650	(3,556,673)	(74,500,706)
December 31, 2004	36,681,697	(5,773,805)	4,012,944	34,920,836	36,681,697	(1,760,861)	(76,261,567)	0	18.49780	(4,012,944)	(76,261,567)
December 31, 2005	35,897,345	(5,910,271)	4,107,791	34,094,865	35,897,345	(1,802,480)	(78,064,047)	0	18.49780	(4,107,791)	(78,064,047)
December 31, 2006	37,939,358	(6,049,964)	5,865,455	37,754,849	37,939,358	(184,509)	(78,248,556)	0	13.30912	(5,865,455)	(78,248,556)

\* NPO at transition is zero.

Amortization Period: 30 years, Open, unless fixed rate amortizes in less than 30 years  
 Amortization Method: Level Percentage of Projected Payroll



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## SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

### Analysis Of Financial Experience

An analysis of actuarial gains or losses was performed in conjunction with the January 1, 2000, January 1, 2002, January 1, 2004, and January 1, 2006 actuarial valuations.

The results of our analysis of the financial experience of the System in the four most recent actuarial valuations are presented in Exhibit 10. Each gain or loss shown represents our estimate of how much the given type of experience caused the UAL to change in the two-year period since the previous actuarial valuation.

Gains and losses due to demographic sources are approximate. Demographic experience is analyzed in greater detail in our periodic assumption studies.



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Exhibit 10

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM****Analysis Of Actuarial Gains Or Losses\***

(Dollar Amounts in Millions)

	<b>Gain (Loss) for Period:</b>			
	<b>2004-2005</b>	<b>2002-2003</b>	<b>2000-2001</b>	<b>1998-1999</b>
<b>Investment Income</b> Investment income was greater (less) than expected.	\$ 54.5	\$ (64.0)	\$(438.8)	\$ 170.5
<b>Pay Increases.</b> Pay increases were less (greater) than expected.	23.0	16.1	13.6	28.1
<b>Age and Service Retirements</b> Members retired at older (younger) ages or with less (greater) final average pay than expected.	(6.2)	(14.5)	0.3	(0.6)
<b>Disability Retirements.</b> Disability claims were less (greater) than expected.	(0.3)	(0.5)	(0.4)	(0.3)
<b>Death-in-Service Benefits</b> Survivor claims were less (greater) than expected.	0.9	(0.5)	0.0	0.0
<b>Withdrawal from Employment</b> More (less) reserves were released by withdrawals than expected.	(8.1)	14.0	6.0	(0.8)
<b>Death after Retirement.</b> Retirees died younger (lived longer) than expected.	(8.3)	0.4	6.1	6.6
<b>Total Gain or (Loss) during Period from Financial Experience.</b>	\$55.5	\$(49.0)	\$(413.2)	\$203.5
<b>Nonrecurring Items:</b>				
Changes in actuarial assumptions and plan amendments caused a gain (loss).	(17.9)	(0.9)	0.0	(179.3)
Change in actuarial asset valuation method caused a gain (loss).	N/A	N/A	N/A	N/A
<b>Composite Gain (Loss) during Period.</b>	\$ 37.6	\$(49.9)	\$( 413.2)	\$ 24.2

\*Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the unfunded actuarial liability.



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SCHEDULE OF RETIREES AND BENEFICIARIES  
ADDED TO AND REMOVED FROM ROLLS

Year Ended	No.	Added to Rolls		Removed from Rolls		Rolls End of Year Annual Allowances	Average Annual Allowances	% Increase in Annual Allowances
		Annual Allowances	No.	Annual Allowances	No.			
1980	242	*	98	*	3819	\$ 17,584,611	\$ 4,604.51	11.10
1981	237	*	101	*	3955	\$ 19,114,992	\$ 4,833.12	4.97
1982	271	*	140	*	4086	\$ 21,358,214	\$ 5,227.17	8.15
1983	265	*	121	*	4230	\$ 22,854,611	\$ 5,402.98	3.36
1984	219	*	126	*	4323	\$ 24,996,469	\$ 5,782.20	7.02
1985	213	\$ 2,294,142	105	\$ 347,996	4431	\$ 26,942,615	\$ 6,080.48	5.16
1986	188	\$ 2,010,634	141	\$ 349,405	4478	\$ 28,603,844	\$ 6,387.64	5.05
1987	199	\$ 2,273,426	140	\$ 958,243	4537	\$ 29,919,027	\$ 6,594.45	3.24
1988	160	\$ 2,032,669	117	\$ 419,794	4580	\$ 31,531,902	\$ 6,884.69	4.40
1989	186	\$ 2,500,814	125	\$ 132,799	4641	\$ 33,899,917	\$ 7,304.44	6.10
1990	173	\$ 2,579,540	135	\$ 345,194	4679	\$ 36,134,263	\$ 7,722.65	5.73
1991	165	\$ 1,805,490	181	\$ 434,743	4663	\$ 37,505,010	\$ 8,043.11	4.15
1992	124	\$ 1,740,286	197	\$ 1,025,016	4640	\$ 36,434,571	\$ 7,852.28	(2.37)
1993	142	\$ 1,992,189	160	\$ 887,397	4622	\$ 37,539,363	\$ 8,121.89	3.43
1994	192	\$ 3,040,184	167	\$ 1,192,660	4647	\$ 39,573,882	\$ 8,494.49	4.59
1995	155	\$ 2,449,131	183	\$ 759,377	4619	\$ 41,284,341	\$ 8,937.94	5.22
1996	227	\$ 4,314,773	174	\$ 908,271	4672	\$ 44,648,305	\$ 9,556.57	6.92
1997	171	\$ 3,359,535	192	\$ 1,065,687	4651	\$ 47,014,360	\$ 10,108.44	5.77
1998	170	\$ 2,944,870	148	\$ 946,560	4647	\$ 52,878,274	\$ 11,379.01	12.57
1999	215	\$ 4,103,949	181	\$ 1,125,621	4681	\$ 55,909,111	\$ 11,943.84	4.96
2000	227	\$ 4,615,996	192	\$ 1,543,534	4,716	\$ 59,931,665	\$ 12,708.16	6.40
2001	197	\$ 3,959,357	180	\$ 1,489,915	4,733	\$ 62,802,652	\$ 13,269.10	4.41
2002	301	\$ 6,637,431	176	\$ 1,615,743	4,858	\$ 67,296,290	\$ 13,852.67	4.40
2003	190	\$ 4,106,890	172	\$ 1,616,306	4,876	\$ 70,113,547	\$ 14,379.32	3.80
2004	251	\$ 5,823,016	200	\$ 2,530,999	4,927	\$ 74,534,773	\$ 15,127.82	5.20
2005	247	\$ 6,060,629	173	\$ 1,805,297	5,011	\$ 79,598,120	\$ 15,884.68	5.00
2006	319	\$ 7,147,402	237	\$ 2,447,919	5,093	\$ 85,473,334	\$ 16,795.68	5.74

**REVISED SUMMARY OF THE MAIN PROVISIONS OF THE  
SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**

We offer this current summary of the main provisions of the Retirement System in an attempt to give as briefly as possible, a general idea of the benefits to members and the obligations of the City. Members who want specific information should write or telephone the office of the Retirement System, 801 3rd Avenue, Suite 300, Seattle, Washington 98104-1652, telephone (206) 386-1293, fax (206) 386-1506.

All officers and employees are eligible for membership in the Retirement system upon employment with the City, except uniformed members of the Police and Fire Fighters System. Federal Social Security covers all officers and employees, except Policemen and Firemen.

Terminating employees who have been members of the Retirement System for at least five years may leave their contributions in the Retirement Fund and may later apply for a retirement allowance when their age and years of service qualify them for such a benefit.

Members may retire after 30 years of retirement credit, regardless of age; after age 52 with 20 years service, after age 57 with 10 or more years of service, and after age 62 with 5 or more years of service. Disability retirement is available after 10 years of service. (The ten years service requirement on disability retirement is waived if the member becomes totally incapacitated for further employment as a result of an accident that occurred in the actual performance of duty as an employee of the City.)

On January 1, 1975, the Seattle System adopted a "2% formula" method of determining the amount of a retirement allowance. On the last page you will find the scale of "guaranteed percentages" used in the "2% formula". See the sample retirement allowance calculation below.

We have selected an employee working in the classification of a Lineworker to show as a typical January 1, 1994, retirement situation. Assuming the Lineworker was a male employee age 65 with 30 years of service, having a wife also age 65. We would determine the amount of his accumulated contributions and his average salary for the 24 consecutive months of highest salary. These were found to be:

Accumulated contributions	\$90,000	
Average salary	\$ 4,014	
		<u>Per Month</u>
Each \$1,000 he has will buy \$8.7787 per month for life (8.7787 x 90) is		\$ 790.08
His 30 years of service would indicate a maximum of 60% of average Salary — 30 x 2% x \$4,014 equals \$2,408.40 maximum. Since the annuity produces only \$790.08 per month, the City must add \$1,618.32 to meet the guarantee.		<u>1,618.32</u>
Total "unmodified" and/or "straight allowance"		\$2,408.40

If this employee selects one of the options listed on the following page, his retirement will be reduced to allow for the cost of the option selected.

(continued)

## THE OPTIONS

A member may elect any one of six different ways in which to receive his retirement pension. Using the example shown on the preceding page:

1. The maximum amount with no benefit to any beneficiary at time of death, generally spoken of as "straight" retirement, \$2,408.40.
2. **OPTION A.** The "cash refund" plan. The annuity (amount purchased by a member's contributions) only is reduced. As in the retirement sample shown, the annuity would be \$707.84 instead of \$790.08 and the total monthly pension would be \$2,326.16 instead of \$2,408.40. If there is a balance of the member's contributions, \$90,000, that has not been paid out at the rate of \$707.84 per month, the beneficiary will receive a lump sum payment of the balance.
3. **OPTION B.** Also a "cash refund" plan except the beneficiary gets monthly payments of the balance instead of a lump sum payment. As in the retirement sample shown, the annuity would be \$721.21 instead of \$790.08 and the monthly pension would be \$2,339.53 instead of \$2,408.40.
4. **OPTION C.** "Guaranteed period plan". If the pensioner fails to live the length of the period selected, (in this example 5 years) the pension of \$2,355.42 per month is paid to the beneficiary for the remainder of the guaranteed period. If the period selected was 10 years, the pension would be \$2,191.64 per month.
5. **OPTION D.** One-half of discounted allowance to surviving spouse for life. The reduction is determined in accordance with the ages of the retiring member and the spouse at the time of retirement. Again, using the sample retirement, under Option D, the plan would pay the wife, age 65, \$1,076.55 (one-half of \$2,153.11) per month for life. If you retired on or after March 24, 1997 and your spouse predeceases you, your monthly allowance will be raised to the original unmodified amount.
6. **OPTION E.** Full amount of discounted allowance to surviving spouse for life. The discount or reduction is determined in accordance with the ages of the retiring member and his spouse at the time of retirement. Using the example again, member 65, wife 65, the amount would be \$1,943.58, to be continued as long as either were alive. If you retired on or after March 24, 1997 and your spouse predeceases you, your monthly allowance will be raised to the original unmodified amount.
7. **OPTION F.** This option allows a member who retires prior to the normal Social Security Age to receive retirement benefits that are modified so that the combined income from the Retirement System and Social Security is level throughout the member's lifetime. This means the System's payments are higher before the Social Security payments begin and then lower after they begin. Although the theory is that the member's income stream will be level, often it is not. This is because Social Security, and often the System as well, makes post retirement adjustments that upset the original "leveling out" feature of this option.
8. **OPTION G.** This option allows members a partial lump sum payment at retirement which is equivalent to either the member's accumulated contributions with interest, or one-half of this amount. The member's normal monthly pension will be reduced by an amount to actuarially compensate for the funds withdrawn.

## BASIS RATES OF CONTRIBUTION

The City contributes 8.03% of covered payroll and employees contribute 8.03% unless they qualified for a lower rate prior to January 1, 1974.

(continued)

## DISABILITY RETIREMENT

Disability retirement is available to members with at least ten years of City Service with the ten year requirement waived when disability arose out of and in the course of their employment as an employee of the City. Members may be retired because of “permanent, total disability” or “temporary, total disability”. The first type mentioned occurs when there is grave doubt that the employee will ever return to active service. The second type is used when the retiree is expected to return within a short time. Both pay the same benefits, 1 1/2% of average salary (24 highest consecutive months) for each year of service, with a maximum of 60% of average salary, and minimum monthly allowance of \$140. The employee with less than 22 years of service is protected by the provision allowing credit to the age of 62, in the calculation for years of service, with 33-1/3% of average salary maximum. Federal Social Security also provides for disability benefits.

If the disability retiree dies and has named a surviving spouse as beneficiary, the spouse is eligible to receive a settlement similar to that shown in the explanation that follows for the spouse of a member who dies prior to retirement.

## LIFE INCOMES FOR SPOUSES OF MEMBERS WHO DIE BEFORE RETIREMENT

This is one of the most important provisions of the Retirement System. If an employee has at least ten years of service, the surviving spouse is eligible for a life income and/or a reduced life income and a cash refund. The deceased employee must have designated the spouse as beneficiary, and the beneficiary may choose any one of the three types of settlement:

1. Take the discounted value of the retirement allowance indicated for the deceased employee. This means a straight life income for the life of the survivor, with no benefit for anyone upon the death of the survivor.
2. Take up to one-half of the employee's contributions and a reduced life income (using all of the City's money including the formula guarantee if applicable).
3. Withdraw all of the accumulated contributions made by the employee. In this instance, all of the City's money would remain in the Retirement System.

In calculating the benefit for the survivor, the schedule of “guaranteed percentage” would be used.

To present an example — let us suppose the employee was 51 years of age at the time of death, had an average salary of \$2,188 (24 highest consecutive month), has 27 years of service and \$36,800 of accumulated contributions. Suppose the survivor (widow) was 57 years of age. The maximum amount the employee is entitled to was \$1,170.70 per month.

1. If the widow took a life income, she could receive \$896.80 per month.
2. If she took \$18,400 cash, she could still receive a life income of \$784 per month.
3. She could draw the \$36,800 as a final settlement.

If there is no surviving spouse, minor children can elect to receive similar benefits payable until they reach eighteen years of age.

(continued)

POST RETIREMENT COST OF LIVING INCREASE - For Members Who Retired Prior to January 1, 1998

Each December the monthly retirement allowances will be increased to reflect an annual bonus payment to help offset the adverse effects of inflation. The bonus payment will be a percentage factor based on the number of years retired, times the original annual retirement allowance. The percentage factors were designated to more equitably offset the effects of inflation on members who have been retired the greatest length of time, are as follows:

- 6% of the original annual allowance for members who have been retired from six to nine years, inclusive. (Including 1997, 1996)
- 9% of the original annual allowance for members who have been retired from ten to thirteen years, inclusive. (Including 1995, 1994, 1993, 1992)
- 12% of the original annual allowance for members who have been retired from fourteen to eighteen years, inclusive. (Including 1991, 1990, 1989, 1988, 1987)
- 15% of the original annual allowance for members who have been retired from nineteen to twenty-three years, inclusive. (Including 1986, 1985, 1984, 1983, 1982)
- 18% of the original annual allowance for members who have been retired from twenty-four to twenty-eight years, inclusive. (Including 1981, 1980, 1979, 1978, 1977)
- 21% of the original annual allowance for members who have been retired from twenty-nine years or more. (Including 1976 and before)

Example: If your original annual allowance was \$1,000 per month and you have been retired for eleven years, your bonus dividend would be calculated as follows:

$$\begin{aligned} \$ 1,000 \times 12 \text{ months} &= \$12,000 \\ \$12,000 \times 9\% &= \$1,080 \end{aligned}$$

\$1,080 would be your bonus for that particular year.

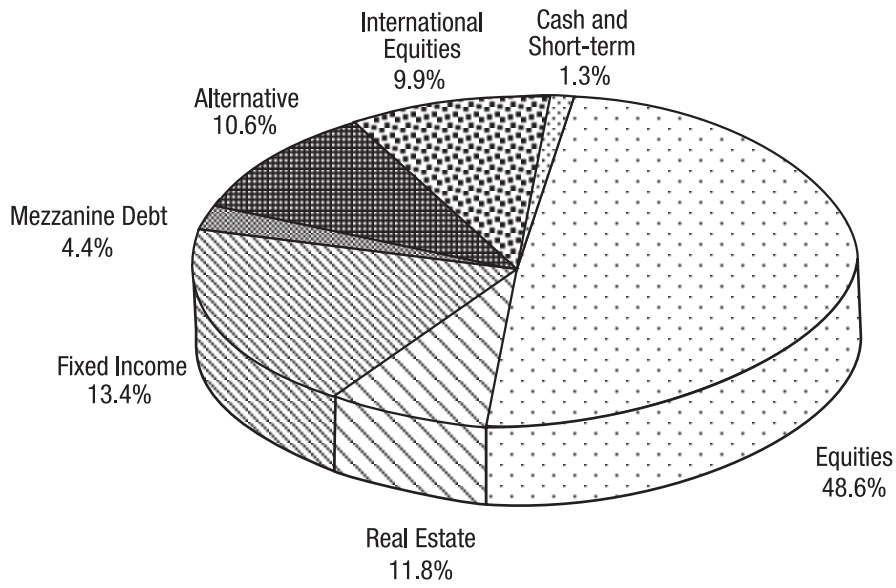
If this bonus plus the total retirement allowance you have received during the year will not purchase 60% of what your original retirement allowance would purchase, the bonus will be increased so you receive 60% of the original purchasing power of your pension. This increased portion of your bonus will be paid throughout the year by increasing your monthly check.

POST RETIREMENT COST OF LIVING INCREASE - For Members Who Retired After December 31, 1997

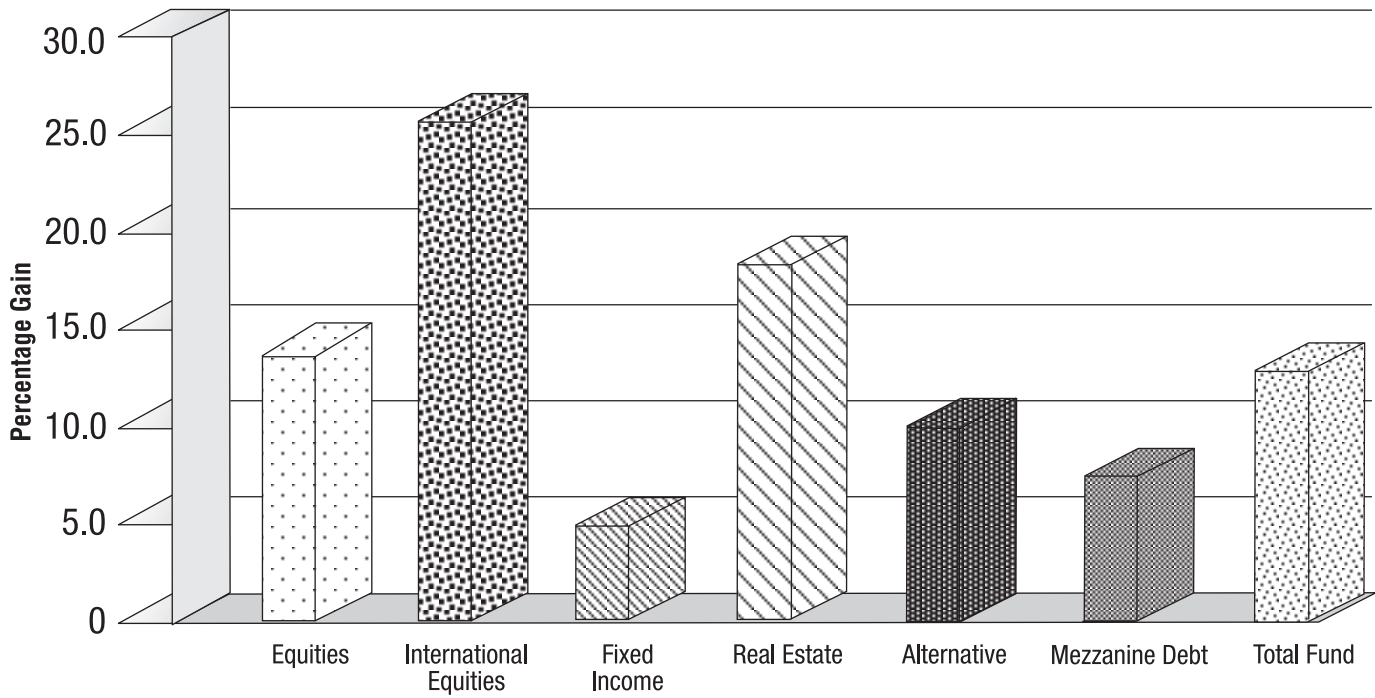
Each December the monthly retirement allowance will be increased to provide the highest benefit calculated under any one of the following three cost of living adjustments:

1. The annual bonus described above.
2. A 1.5% annual compounding COLA
3. A COLA which would provide 60% of the purchasing power which the members original retirement allowance could purchase.

## Investment Portfolio Composition



## 2006 Fund Performance





**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF REVENUES BY SOURCE**

Employer Contrib.*	Fiscal Year	Member Contributions	Employer Contributions **	Investment Income	Miscellaneous Income	Total
7.91 %	1980	\$ 9,166,162	\$ 10,470,335	\$ 16,284,473	\$ 846	\$ 35,921,816
8.54	1981	11,845,089	13,309,388	18,488,195	2,311	43,644,983
8.54	1982	12,465,220	14,790,039	21,106,414		48,361,673
8.54	1983	12,926,545	14,265,554	27,224,215	5,050	54,421,364
8.91	1984	14,076,607	15,961,211	30,543,443	67	60,581,328
8.91	1985	14,399,465	16,280,464	25,317,826		55,997,755
8.91	1986	15,164,105	16,758,439	33,081,706		65,004,250
8.91	1987	16,088,280	17,799,789	46,029,652	410	79,918,131
8.91	1988	16,701,142	18,521,365	36,397,481		71,619,988
8.91	1989	17,246,117	18,983,634	41,803,863	545	78,034,159
8.91	1990	20,405,149	21,810,612	27,725,284		69,941,045
8.91	1991	21,111,940	21,458,952	37,758,671		80,329,563
8.91	1992	21,564,881	25,117,924	41,792,730		88,475,535
8.91	1993	23,473,485	26,139,925	100,705,007	***	150,318,417
8.91	1994	24,764,862	26,704,211	3,670,356		55,139,429
8.91	1995	26,069,124	27,816,819	181,470,912		235,356,855
8.91	1996	25,835,147	28,372,760	118,399,056		172,606,963
8.91	1997	25,571,634	28,310,353	143,719,597		197,601,584
8.91	1998	27,311,815	30,554,650	168,477,507		226,343,972
8.03	1999	29,201,844	29,898,474	240,904,299		300,004,617
8.03	2000	30,962,052	30,956,217	(79,832,672)		(17,914,403)
8.03	2001	32,602,859	32,667,381	(93,021,798)		(27,751,558)
8.03	2002	39,388,249	36,599,830	(116,907,340)		(40,919,261)
8.03	2003	36,243,490	34,200,693	296,239,050		366,683,233
8.03	2004	37,192,591	36,819,271	177,211,711		251,223,573
8.03	2005	35,962,449	35,897,345	139,866,897		211,726,691
8.03	2006	38,228,475	38,077,976	251,934,917		328,241,368

\* Employer Contributions reflected as a percentage of covered payroll.

\*\* The employer contributions has been made in accordance with actuarial requirements.

\*\*\* Beginning with 1993, the investment income reflects unrealized gains (losses) required by GASB 25.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF EXPENSES BY TYPE**

Year	Benefits	Refunds	Administrative	Total
1980	\$ 17,584,611	\$ 1,786,654	\$ 331,600	\$ 19,702,865
1981	19,114,992	2,074,078	419,568	21,608,638
1982	21,358,214	2,151,528	458,261	23,968,003
1983	23,029,611	2,086,102	538,059	25,653,772
1984	25,175,469	3,366,999	737,445	29,279,913
1985	27,090,615	2,753,418	1,076,324	30,920,357
1986	28,777,844	3,212,415	1,340,874	33,331,133
1987	30,499,027	3,141,868	1,494,189	35,135,084
1988	32,093,902	3,293,088	1,408,946	36,795,936
1989	34,121,917	3,257,432	1,538,544	38,917,893
1990	36,431,265	3,592,483	1,636,911	41,660,659
1991	37,862,028	3,731,762	1,870,922	43,464,712
1992	38,884,790	3,585,672	2,109,340	44,579,802
1993	40,131,325	2,944,003	2,525,620	45,600,948
1994	42,420,358	3,412,882	2,639,538	48,472,778
1995	44,352,180	3,874,980	7,217,337	55,444,497
1996	46,257,605	3,888,043	7,989,200	58,134,848
1997	50,349,474	5,463,464	11,875,158	67,688,096
1998	56,247,811	7,502,444	12,145,939	75,896,194
1999	58,704,086	9,730,803	10,447,151	78,882,040
2000	62,844,355	11,641,902	10,634,557	85,120,814
2001	65,553,605	8,785,879	7,293,821	81,633,305
2002	68,825,558	12,019,852	7,250,214	88,095,624
2003	73,559,728	13,218,137	7,081,030	93,858,895
2004	77,289,288	9,791,692	7,188,848	94,269,828
2005	82,268,449	10,385,215	11,773,914	104,427,578
2006	87,583,509	10,553,067	10,715,425	108,852,001

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**BENEFIT EXPENSE BY TYPE**  
 Ten Years Ending December 31, 2006

Year	Age & Service	Benefits	Disability	Death	Refunds	Total
	Retirants	Survivors	Retirants	Benefit		
1997	\$ 44,350,246	\$ 4,996,325	\$ 612,903	\$ 390,000	\$ 5,463,464	\$ 55,812,938
1998	\$ 48,684,577	\$ 6,500,622	\$ 714,624	\$ 347,988	\$ 7,502,444	\$ 63,750,255
1999	\$ 50,902,672	\$ 6,821,887	\$ 698,527	\$ 281,000	\$ 9,730,803	\$ 68,434,889
2000	\$ 54,518,311	\$ 7,260,855	\$ 714,799	\$ 350,390	\$ 11,641,902	\$ 74,486,257
2001	\$ 57,122,024	\$ 7,486,988	\$ 672,593	\$ 272,000	\$ 8,785,879	\$ 74,339,484
2002	\$ 59,991,882	\$ 7,821,555	\$ 686,121	\$ 326,000	\$ 12,019,852	\$ 80,845,410
2003	\$ 64,301,813	\$ 8,215,109	\$ 714,806	\$ 328,000	\$ 13,218,137	\$ 86,777,865
2004	\$ 67,794,624	\$ 8,486,860	\$ 711,804	\$ 296,000	\$ 9,791,692	\$ 87,080,980
2005	\$ 72,390,702	\$ 8,754,471	\$ 785,276	\$ 338,000	\$ 10,351,215	\$ 92,653,664
2006	\$ 77,320,260	\$ 9,180,292	\$ 814,957	\$ 268,000	\$ 10,553,067	\$ 98,136,576

**REVENUE RATIOS BY SOURCE**  
 1973 Through 2006

Year	Member		Employer		Investment		Total	
	Contributions	%	Contributions	%	Income	%	Revenue	%
1973	26	%	32	%	42	%	100	%
1974	26		31		43		100	
1975	26		31		43		100	
1976	26		31		43		100	
1977	25		29		46		100	
1978	25		29		46		100	
1979	27		30		43		100	
1980	26		29		45		100	
1981	27		31		42		100	
1982	25		31		44		100	
1983	24		26		50		100	
1984	23		26		51		100	
1985	26		29		45		100	
1986	24		26		50		100	
1987	20		22		58		100	
1988	23		26		51		100	
1989	22		24		54		100	
1990	29		31		40		100	
1991	26		27		47		100	
1992	25		28		47		100	
1993 *	16		17		67		100	
1994 *	45		48		7		100	
1995 **	11		12		77		100	
1996 **	15		16		69		100	
1997	13		14		73		100	
1998	12		14		74		100	
1999	10		10		80		100	
2000							Net Loss	
2001							Net Loss	
2002							Net Loss	
2003	10		9		81		100	
2004	15		15		70		100	
2005	17		17		66		100	
2006	12		12		76		100	

\* Beginning with 1993, the investment income reflects unrealized gains (losses) required by GASB 25.

\*\* Beginning with 1996 (and 1995 has been restated) investment income includes the gross income from Securities Lending as required by GASB 28.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
 SCHEDULE OF INVESTMENT RESULTS  
 Ten Years Ending December 31, 2006

<u>Year</u>	<u>Investment Income *</u>	<u>Investments Market Value</u>	<u>Securities Lending Collateral</u>	<u>Return on Market Value</u>
1997	\$ 143,719,597	\$ 1,212,380,898	\$ 160,300,858	12.6%
1998	\$ 168,477,507	\$ 1,357,958,488	\$ 138,843,536	15.1%
1999	\$ 240,904,299	\$ 1,596,015,278	\$ 80,540,810	15.3%
2000	\$ (79,832,672)	\$ 1,484,124,485	\$ 80,511,612	(3.7)%
2001	\$ (93,021,798)	\$ 1,366,651,234	\$ 120,215,604	(6.0)%
2002	\$ (116,907,340)	\$ 1,245,668,385	\$ 133,817,297	(8.4)%
2003	\$ 296,239,050	\$ 1,517,907,621	\$ 148,226,605	23.6%
2004	\$ 177,211,711	\$ 1,664,178,577	\$ 239,087,447	11.5%
2005	\$ 139,866,897	\$ 1,777,219,827	\$ 122,862,720	8.1%
2006	\$ 251,934,917	\$ 1,986,714,717	\$ 145,097,240	13.9%

\* Investment Income includes market gains and losses, and gross income from Securities Lending.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**INVESTMENT PERFORMANCE RESULTS**

	2006	2005	2004	2003	2002
<b>Domestic Equity Funds</b>					
Bear Stearns Plus	16.7 %	10.4 %	%	%	%
Calamos	0.5				
Capital Management Assoc.	0.6	13.0			
Dimensional Fund Advisors	17.3	7.5	20.3	51.0	(12.7)
Earnest	11.5				
ING	9.9				
Snow Capital	15.0	13.4			
Wellington	13.9	9.1	9.9	30.9	
Barclays S & P Index Fund	15.8	4.9	10.9	28.8	(22.1)
Russell 3000 Index Fund	15.7	6.2	12.0		
<b>International Equity Funds</b>					
Barclays EAFE Index	28.5 %	13.9 %	20.7 %	39.2 %	(15.7) %
Boston Company (a)					
Dimensional Fund Advisors (small cap)	24.9	22.0	30.9		
Dimensional Fund Advisors (large cap) (a)					
<b>Domestic Fixed Income</b>					
Advent Capital (a)	%	%	%	%	%
Pugh Capital	4.6	2.8	4.8	4.4	10.2
Reams	6.3	2.9	5.1	8.7	5.8
Western Asset	6.2	2.9	7.1	8.4	12.2
In-House Assets	11.5	19.0	19.2	12.4	7.6
Barclays US Debt Bond Fund		1.6	3.1	4.2	10.3
<b>Real Estate Funds *</b>					
J.P. Morgan	20.71 %	24.1 %	14.8 %	12.3 %	6.5 %
J.P. Morgan Alt Prop Fund (a)					
American Realty	5.5				
Carlyle Realty IV	0.5				
RRREF REIT	15.3	18.0	12.6	10.1	8.2
TA Associates Fund VI	3.6	40.5	4.2		
TA Associates Fund VII	4.3	24.3			
Hearthstone Residential Fund III	272.2	18.3	4.0		
Washington Capital	20.5				
<b>Alternative</b>					
Quellos QSPI	12.8 %	5.0 %	5.6 %	9.4 %	3.9 %
Advent Capital	13.1	(3.3)	0.6		
Aetos	8.4				
Attalus	12.2				
Coast	8.6	5.5	8.3		
Epsilton	6.1	(2.5)	5.2		
Quellos QGR	10.1				
Quellos Co-investment (a)					
Tremont	10.4	4.0	5.1		
Phoenix Partners III & IV	8.4	12.0	(10.3)	(0.3)	(8.7)
<b>Mezzanine Debt</b>					
Babson Tower Square II	10.1 %	%	%	%	%
Blackrock Carbon Capital II	7.3				
Bison Capital II	-				
Carlyle Mezzanine Partners	12.3				
Capri Select II	4.4				
Lehman Brothers Mezzanine Partners	15.5				
Oaktree Mezzanine II	2.0				
TCW Crescent Mezzanine Partners IV	-				
<b>Composite Fund</b>					
Equities	14.1 %	7.4 %	12.3 %	33.7 %	(21.7) %
International Equities	26.9	15.1	20.5	34.0	(13.1)
Fixed-Income	5.1	3.8	4.7	8.5	5.9
Real Estate	18.3	20.3	13.0	10.8	6.0
Alternative	10.6	3.1	5.3	25.2	(11.8)
Mezzanine	7.0				
<b>Total Fund</b>	<b>13.9 %</b>	<b>8.1 %</b>	<b>11.5 %</b>	<b>23.6 %</b>	<b>(8.4) %</b>
<b>Market Indicators</b>					
Standard & Poor's 500	15.8 %	4.9 %	10.9 %	28.7 %	(22.1) %
MSCI EAFE Index -USD	31.1	14.0	20.7	39.2	(15.7)
Lehman Brothers Aggregate	4.3	2.4	4.3	4.1	10.3
Russell NCREIF Property Index	15.5	20.7	12.2	7.2	4.2
Consumer Price Index	2.5	3.4	3.2	1.9	2.4

\* Returns for managers within the Real Estate and Mezzanine categories and most hedge fund investments are reported after fees, while the remaining returns are reported before fees. Fees paid to managers are listed on Page 14 of this annual report.

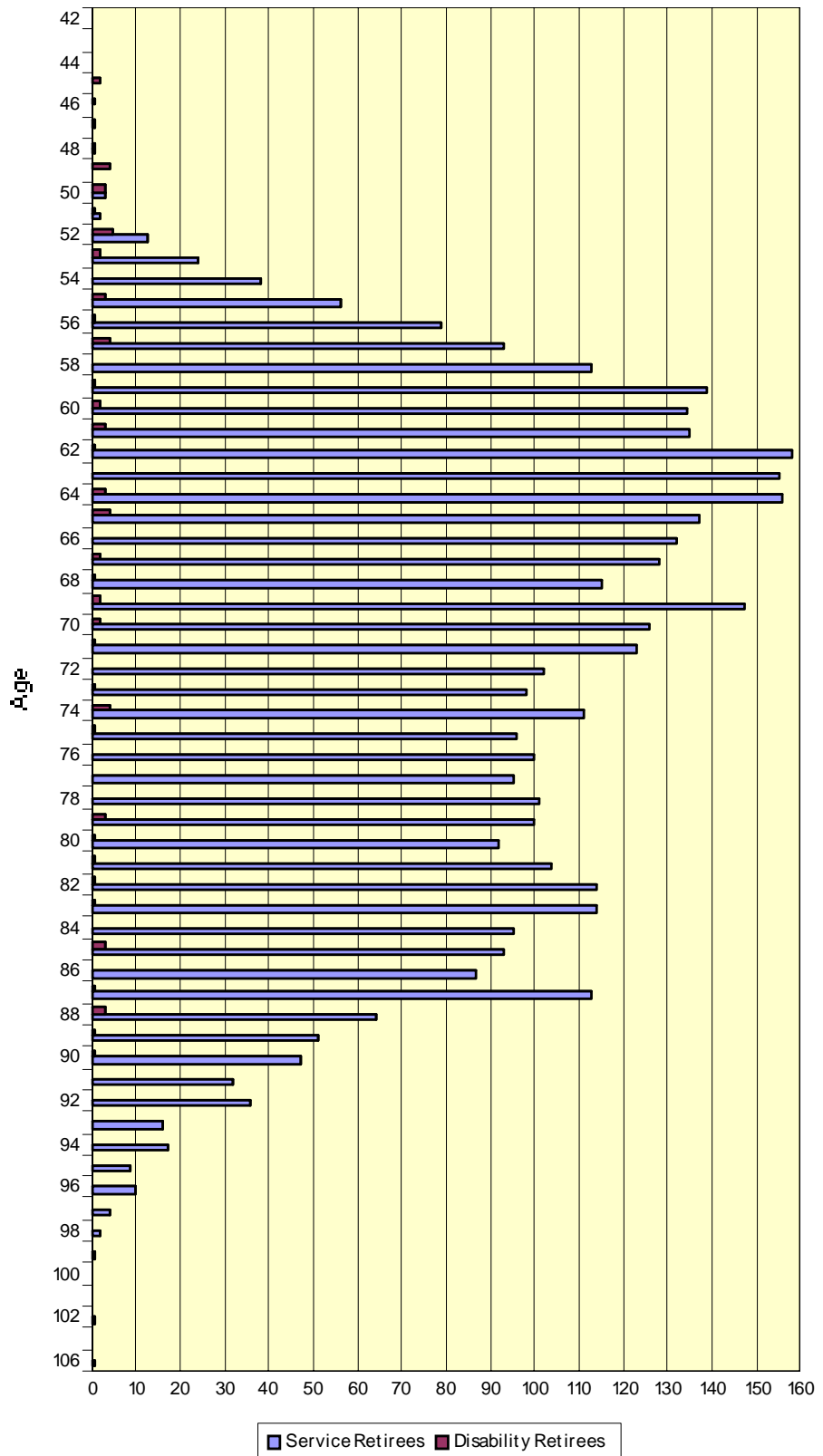
(a) New investment managers hired during 2006.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE AND DISABILITY PENSIONERS BY AGE

As of December 31, 2006

Age	Service	Disability
42		
43		
44		
45		2
46		1
47		1
48	1	1
49		4
50	3	3
51	2	1
52	13	5
53	29	2
54	38	
55	56	3
56	79	1
57	93	4
58	113	
59	139	1
60	134	2
61	135	3
62	158	1
63	155	
64	156	3
65	137	4
66	132	
67	128	2
68	115	1
69	147	2
70	126	2
71	123	1
72	102	
73	93	1
74	111	4
75	96	1
76	100	
77	95	
78	101	
79	100	3
80	92	1
81	104	1
82	114	1
83	114	1
84	95	
85	93	3
86	87	
87	113	1
88	64	3
89	51	1
90	47	1
91	32	
92	36	
93	16	
94	17	
95	9	
96	10	
97	4	
98	2	
99	1	
100		
101		
102	1	
103		
106	1	

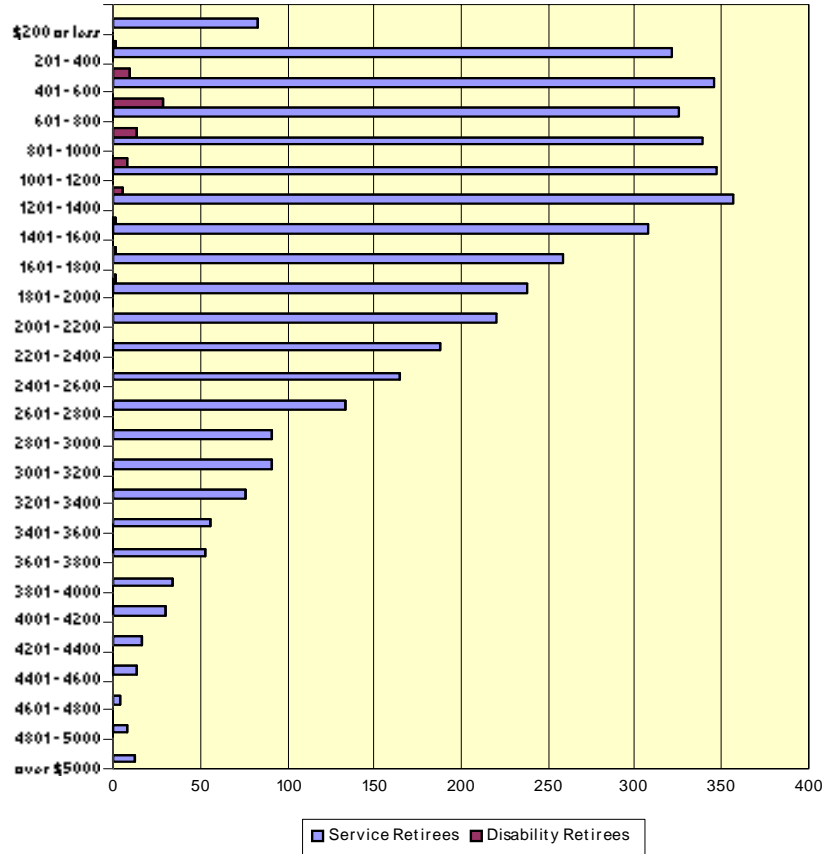
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**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**RETIREMENT ALLOWANCE DISTRIBUTION**  
 As of December 31, 2006

	<u>Service</u>	<u>Disability</u>
\$ 200 or less	83	
201 - 400	321	2
401 - 600	346	10
601 - 800	325	28
801 - 1000	339	13
1001 - 1200	347	8
1201 - 1400	357	6
1401 - 1600	307	2
1601 - 1800	259	1
1801 - 2000	238	2
2001 - 2200	220	
2201 - 2400	188	
2401 - 2600	165	
2601 - 2800	134	
2801 - 3000	91	
3001 - 3200	91	
3201 - 3400	76	
3401 - 3600	56	
3601 - 3800	53	
3801 - 4000	34	
4001 - 4200	30	
4201 - 4400	16	
4401 - 4600	13	
4601 - 4800	4	
4801 - 5000	8	
over 5000	12	

4113	72
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SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
ACTIVE MEMBERSHIP EXPERIENCE  
For the Last Thirty Years

	Members at End of Period	New Members During Period	Withdrawals During Period	Re-entering & Redepositing	Deaths During Period	Pensions Granted During Period
1977	6,506	484	517	41	24	302
1978	6,600	896	592	71	22	259
1979	6,797	934	536	57	11	247
1980	6,894	901	631	67	12	228
1981	7,037	776	467	77	13	230
1982	6,972	555	439	73	14	240
1983	6,870	471	363	50	13	247
1984	6,710	531	522	57	16	210
1985	6,946	628	244	72	11	209
1986	7,020	570	382	77	11	180
1987	7,196	622	312	72	16	190
1988	7,252	542	361	45	10	160
1989	7,544	672	251	51	12	168
1990	7,813	872	454	45	12	182
1991	8,037	681	354	43	13	133
1992	8,171	463	220	32	17	124
1993	8,317	537	279	39	15	136
1994	8,553	512	201	133	16	192
1995	8,741	477	284	136	12	153
1996	8,584	339	270	13	12	227
1997	8,572	435	287	36	18	178
1998	8,743	557	236	29	9	170
1999	9,576	1,289	238	14	17	215
2000	9,836	876	393	17	13	227
2001	10,111	706	241	25	18	197
2002	9,737	426	503	16	12	301
2003	9,964	628	202	5	14	190
2004	10,222	636	123	4	8	251
2005	10,387	635	212	3	11	247
2006	10,493	710	325	15	16	278

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
 COMPARATIVE STATEMENT OF EXPERIENCE OF SERVICE AND DISABILITY RETIREMENT PAYROLLS  
 From Inception in 1929, Through 2006

Figures Quoted as of the End of Each Fiscal Period

	Number Retired During Period			Number Deceased			Pensions Discontinued			Benefit Cont'd			
				During Period					to Beneficiary		Number on Payroll at End of Period		
	Service	Sec. 19-b	Disability	Service	- Disability	Service	-Beneficiary	- Disability	Service	Service	- Beneficiary	- Disability	
1929 - 1972 Inclusive	4,003	295	793	2,315	486	3	166	84	273	1,732	405	223	
December 31, 1973	198	28	32	77	22		19		26	1,853	440	233	
December 31, 1974	161	25	19	82	10		13		23	1,932	475	242	
December 31, 1975	324	12	18	90	12		35		32	2,166	484	248	
December 31, 1976	328	7	23	110	15		10		37	2,384	518	256	
December 31, 1977	292	15	10	109	20		19		28	2,567	542	246	
December 31, 1978	246	9	13	87	14		24		29	2,726	556	245	
December 31, 1979	237	7	10	112	17		12		35	2,851	586	238	
December 31, 1980	220	14	8	101	13		19		35	2,970	616	233	
December 31, 1981	223	7	7	94	15		25		33	3,099	631	225	
December 31, 1982	254	12	5	120	23		38		41	3,233	646	207	
December 31, 1983	248	12	5	137	10		29		55	3,344	684	202	
December 31, 1984	206	9	4	135	14		28		51	3,415	716	192	
December 31, 1985	202	4	7	115	18		19	1	48	3,505	743	183	
December 31, 1986	175	10	4	140	9		13		20	3,540	760	178	
December 31, 1987	184	6	7	132	16		6		16	3,592	776	169	
December 31, 1988	158	2	3	120	9		25		37	3,627	790	163	
December 31, 1989	163	8	5	141	12		5		43	3,660	780	154	
December 31, 1990	181	10	1	128	16		7		44	3,695	827	140	
December 31, 1991	129		4	158	12		31		70	3,665	866	132	
December 31, 1992	121		3	161	4		32		50	3,625	884	131	
December 31, 1993	133	6	3	157	6		42		45	3,601	894	127	
December 31, 1994	181	10	1	159	10		53		55	3,608	922	117	
December 31, 1995	148	5	2	162	5		54		38	3,591	914	114	
December 31, 1996	225	3	1	173	8		44		49	3,659	907	106	
December 31, 1997	170	9	1	186	9		75		69	3,622	931	98	
December 31, 1998	166	2	2	170	9	1	45		51	3,614	942	91	
December 31, 1999	208	5	2	167	5		67		51	3,662	931	88	
December 31, 2000	222	4	1	142	4		46		43	3,699	933	84	
December 31, 2001	192	4	1	152	8		53		33	3,733	924	76	
December 31, 2002	290	5	6	170	5		49		48	3,836	945	77	
December 31, 2003	189	6	1	163	5		67		57	3,858	945	73	
December 31, 2004	243	2	6	172	6		61		39	3,924	930	73	
December 31, 2005	235	6	6	164	3		66		70	3,993	942	76	
December 31, 2006	270	6	2	151	6		72		33	4,113	908	72	
										Grand Total		5,093	

Statistical Section

Seattle City Employees' Retirement System



SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
EXPERIENCE IN MISCELLANEOUS AVERAGES  
For the Last Thirty Years

	AVERAGE SERVICE		AVERAGE AGE OF		AVERAGE AGE OF	
	RETIREMENT ALLOWANCE	AVERAGE AGE OF SERVICE PENSIONERS	AVERAGE DISABILITY RETIREMENT ALLOWED	DISABILITY PENSIONERS	ACTIVE MEMBERS DECEASED # OF DEATHS	AVERAGE AGE
1977	\$ 348.50	69.62	\$ 241.69	66.74	24	53.04
1978	374.03	69.69	254.82	64.42	22	54.41
1979	394.91	69.59	260.89	64.96	11	49.04
1980	418.84	69.69	261.76	65.05	12	55.54
1981	441.69	69.86	267.88	65.12	13	49.31
1982	468.28	70.07	269.71	65.64	14	48.54
1983	501.76	70.18	272.98	66.55	13	52.54
1984	530.44	69.97	281.36	66.29	16	51.28
1985	556.72	70.26	290.71	66.22	11	53.66
1986	582.18	70.57	296.27	66.70	11	48.18
1987	608.43	70.80	314.43	66.60	16	49.13
1988	655.62	70.02	357.61	66.40	14	49.93
1989	664.36	71.45	343.74	66.53	12	49.17
1990	697.54	71.72	352.75	65.88	12	47.67
1991	757.07	72.19	378.41	66.61	13	57.77
1992	749.31	72.44	366.23	66.30	17	50.94
1993	775.72	73.42	394.13	67.80	15	53.00
1994	811.55	73.28	407.60	67.52	16	55.00
1995	850.50	73.45	431.19	67.78	12	53.67
1996	904.11	73.43	423.86	68.88	12	44.92
1997	961.30	73.29	448.15	68.12	18	54.72
1998 *	1,063.66	73.30	594.09	68.13	9	56.11
1999	1,114.34	73.10	609.19	68.25	17	55.24
2000	1,167.60	72.88	622.66	68.69	13	50.77
2001	1,222.42	72.70	654.53	67.84	18	51.39
2002	1,289.77	72.16	703.83	67.25	12	54.33
2003	1,338.49	72.14	734.85	66.78	14	53.14
2004	1,404.86	71.93	788.94	65.40	8	50.62
2005	1,477.58	71.78	827.46	65.15	11	53.18
2006	1,552.57	71.53	877.96	64.75	16	51.94

\* Beginning in 1998 the average retirement allowance numbers include the monthly COLA amounts.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF AVERAGE BENEFIT PAYMENTS**

Retirement Effective Dates	Years Credited Service					
	0-10	11-15	16-20	21-25	26-30	31 +
Jan. 1, 1997 to Dec. 31, 2006						
Period 1/1/97 to 12/31/97						
Average Monthly Benefit	\$ 388.26	650.44	1,104.18	1,382.17	2,277.07	2,126.84
Average Final Salary	\$ 3,195.32	3,332.84	3,414.46	3,449.48	4,242.60	3,985.38
Number of Active Retirants	20	14	26	27	57	34
Period 1/1/98 to 12/31/98						
Average Monthly Benefit	\$ 451.94	799.97	1,171.57	1,434.59	2,111.63	2,296.32
Average Final Salary	\$ 3,717.39	3,725.11	3,423.29	3,800.98	4,100.82	4,222.49
Number of Active Retirants	32	23	19	26	42	28
Period 1/1/99 to 12/31/99						
Average Monthly Benefit	\$ 416.73	881.13	1,320.71	1,493.61	2,236.30	2,173.93
Average Final Salary	\$ 3,856.75	3,712.60	4,043.07	3,594.45	4,251.65	4,115.63
Number of Active Retirants	34	19	36	23	70	33
Period 1/1/00 to 12/31/00						
Average Monthly Benefit	\$ 482.19	880.93	1,190.87	1,720.94	2,346.89	2,383.68
Average Final Salary	\$ 4,659.08	3,519.82	3,833.71	4,508.72	4,473.41	4,602.86
Number of Active Retirants	33	28	21	36	70	39
Period 1/1/01 to 12/31/01						
Average Monthly Benefit	\$ 478.66	837.60	1,349.54	1,719.53	2,369.43	2,374.36
Average Final Salary	\$ 4,756.88	3,715.90	4,241.27	4,121.40	4,654.58	4,544.36
Number of Active Retirants	30	23	25	30	65	24
Period 1/1/02 to 12/31/02						
Average Monthly Benefit	\$ 503.66	1,054.23	1,254.66	1,925.74	2,458.67	2,616.86
Average Final Salary	\$ 4,404.61	4,203.54	3,773.37	4,571.61	4,653.62	4,919.14
Number of Active Retirants	40	31	34	58	96	42
Period 1/1/03 to 12/31/03						
Average Monthly Benefit	\$ 496.91	1,034.44	1,432.09	1,744.45	2,579.91	2,628.56
Average Final Salary	\$ 3,782.43	4,261.52	4,669.55	4,653.31	4,901.87	4,953.21
Number of Active Retirants	32	23	22	41	39	39
Period 1/1/04 to 12/31/04						
Average Monthly Benefit	\$ 613.97	1,056.92	1,449.54	1,773.54	2,480.00	2,812.38
Average Final Salary	\$ 4,393.80	4,349.56	4,737.24	4,405.97	5,210.92	5,259.10
Number of Active Retirants	27	21	39	46	76	42
Period 1/1/05 to 12/31/05						
Average Monthly Benefit	\$ 674.26	1,137.59	1,706.94	2,270.53	2,653.34	2,807.79
Average Final Salary	\$ 4,928.96	4,733.59	4,915.39	5,423.36	5,164.89	4,973.41
Number of Active Retirants	30	27	33	55	65	37
Period 1/1/06 to 12/31/06						
Average Monthly Benefit	\$ 656.56	1,124.37	1,662.58	2,196.45	2,831.74	3,053.19
Average Final Salary	\$ 4,902.33	4,671.23	4,823.60	5,170.19	5,313.48	5,472.54
Number of Active Retirants	37	42	38	50	55	56
Period 1/1/97 to 12/31/06						
Average Monthly Benefit	\$ 516.31	945.76	1,364.27	1,766.16	2,434.50	2,527.39
Average Final Salary	\$ 4,259.76	4,022.57	4,187.50	4,369.95	4,696.78	4,704.81
Number of Active Retirants	30	23	28	38	66	36

NEW MEMBERS IN THE RETIREMENT SYSTEM IN 2006  
BY DEPARTMENT

Arts Commission	5	
DoIT	13	
Executive Administration	30	
Executive Departments	27	
Fire	4	
Fleets	26	
Human Services	37	
Law	12	
Legislative	9	
Library	67	
Light	78	
Municipal Courts	18	
Neighborhoods	5	
Park	113	
Personnel	34	
Planning and Development	44	
Police	38	
Retirement	1	
SDOT	47	
Seattle Center	44	
SPU	58	
	<hr/>	
Total	710	

MEMBERS AGAIN IN THE RETIREMENT SYSTEM IN 2006  
BY DEPARTMENT

<u>REDEPOSITING</u>		
Fleets	1	
Parks	2	
Planning and Development	<u>1</u>	4
<u>RE-ENTERING</u>		
Fleets	2	
Human Services	1	
Light	2	
Parks	2	
Municipal Courts	1	
Neighborhoods	1	
SDOT	1	
SPU	<u>1</u>	<u>11</u>
	<hr/>	
Total		15

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2006**

<b>Name</b>	<b>Department</b>	<b>Position</b>	<b>Years of Service</b>		<b>Age</b>
Abad,Joseph B	City Light	Project Coordinator	21 yrs	84 days	65
Abarca,Yolanda M	Parks	Rec Program Coordinator Asst	24 yrs	39 days	55
Aben,Lope N	Seattle Center	Adms Employee	10 yrs	10 days	68
Aderhold,Edward L	SPU	Street Maintenance	31 yrs	112 days	57
Adleberg,Carol A	Personnel	Planning & Development Spec Sr	22 yrs	216 days	58
Akau,Clifford W	SPU	Truck Driver	21 yrs	203 days	58
Alger,Phillip G	Parks	Truck Driver	25 yrs	110 days	55
Alger,Sharon L Kirkpatrick	Parks	Maint Laborer	27 yrs	31 days	55
Allen,Gerald	SPU	Strategic Advisor 2	32 yrs	321 days	62
Allestad,Theodore K	City Light	Meter Elec Working Crewchief	35 yrs	195 days	63
Alves,William R	Legislative	Strategic Advisor	23 yrs	323 days	62
Anderson,Frank William	DCLU	Admin Spec I	7 yrs	85 days	66
Apellanes,Ernesto C	SEATRAN	Civil Eng Spec	25 yrs	248 days	62
Ash,Diane K	Police	Admin Spec II	30 yrs	255 days	56
Azurin,Carmelo A	City Light	Janitor	8 yrs	349 days	70
Baggen,Jacqueline L.	Police	Parking Enforcement Officer	31 yrs	150 days	63
Baker,Janet D	ESD	Accounting Tech II	20 yrs	64 days	62
Banfill,Tom W	SPU	Truck Driver	29 yrs	87 days	59
Barnard,Calvin G	Vested	Vested	10 yrs	343 days	57
Barnes,Frank D	City Light	Elect Engrng Spec,Asst III	11 yrs	67 days	58
Batchelor,William M	City Light	Accounting Technician II	44 yrs	244 days	65
Beach,Jack C	City Light	Elec Pwr Svcs engr	29 yrs	4 days	60
Bearden,Cody L	Parks	Plumber	28 yrs	353 days	62
Belleza,Filipina P.	SPU	Accountant, Principal	32 yrs	278 days	62
Belt,Debra M	Vested	Vested	29 yrs	102 days	52
Bern,Dawn Eulalie	DCLU	Land Use Planner III	13 yrs	192 days	60
Betancourt,Julia E	Police	Admin Spec I	14 yrs	41 days	61
Bicknell,Nicholas Roy	Parks	Rec Program Coordinator	23 yrs	27 days	55
Bicknell,Vernon L	Parks	Recreation Center Coordinator	26 yrs	323 days	59
Bishop,Alfonso D	SEATRAN	Maint Laborer Sr	30 yrs	60 days	56
Bissegger,Melvin S	Municipal Courts	Marshall	8 yrs	234 days	65
Blair,Elizabeth J	Library	Library	15 yrs	30 days	64
Bowerman,Wendell H.J.	DCLU	Executive 2	13 yrs	353 days	61
Brack,Reginald D	Vested	Vested	7 yrs	52 days	62
Braun,Barbara Fraser	Human Services	Human Svcs Prgm Supv, Sr	7 yrs	242 days	70
Brennan,Phyllis C	SPU	Utility Account Rep	26 yrs	25 days	61
Broback,Barry A	City Light	Civil Engr Supv	36 yrs	111 days	59
Brown-Stewart,Sarah H	Parks	Mechanic	13 yrs	103 days	48
Bullock,Joan L	City Light	Admin Spec II	20 yrs	221 days	53
Bunce,Barbara Louise	Vested	Vested	26 yrs	245 days	53
Callia,Joseph E	Parks	Maint Laborer	36 yrs	135 days	59
Campbell,Patricia Louise	Vested	Vested	8 yrs	189 days	62
Campos,Jose F	City Light	Electn-CC	27 yrs	192 days	61
Carter,Margaret	LegCtyCncl	Minute Clerk	33 yrs	152 days	54
Castillano,Marya B	City Light	Executive 2	31 yrs	46 days	63
Chapman,Evelyn J	Human Services	Planning & Development Spec Sr	29 yrs	179 days	70
Church,Dorothy Nelsen	City Light	Exec Asst Sr	35 yrs	305 days	59
Church,Steve F	City Light	Executive 2	37 yrs	212 days	62

(continued)

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2006**

<b>Name</b>	<b>Department</b>	<b>Position</b>	<b>Years of Service</b>		<b>Age</b>
Clark, Kevin J	City Light	Strategic Advisor 2	28 yrs	10 days	52
Clark, Ronald F.	Parks	Material Supplier	37 yrs	7 days	62
Clausen, Robert L	Seattle Center	Manager 2	24 yrs	137 days	62
Combs, Terry Joe	City Light	Info Tech Prof	12 yrs	273 days	57
Compton, James N	Legislative	Council Member	6 yrs	62 days	64
Cornwell, Winfred T	City Light	Manager 3	25 yrs	16 days	55
Corpuz, Connie L	Vested	Vested	15 yrs	314 days	57
Coy, Christina C	Vested	Vested	15 yrs	50 days	57
Crabtree, Michele M	ESD	Admin Spec I	26 yrs	34 days	55
Cunningham, John H	Vested	Vested	14 yrs	346 days	57
Curreri, Cynthia	Vested	Vested	5 yrs	211 days	68
Dankwardt, Kathleen E	Vested	Vested	21 yrs	42 days	70
Davis, James P	SPU	Constr & Maint Equip Operator, Sr	32 yrs	98 days	58
Delong, Sharon Ruth	Vested	Vested	27 yrs	210 days	52
Demaratus, DeEtta	Vested	Vested	1 yrs	195 days	64
Demello, Felix C	City Light	Public Relations Spec Sr	21 yrs	156 days	66
Diaz, Terry E	Library	Library Tech I	21 yrs	11 days	70
Diluzio, Carol L	Police	Police Comm Dispatcher II	20 yrs	100 days	58
Dinovi, George J	SPU	Facility Maintenance Supervisor	21 yrs	202 days	59
Dodd, Judy A	City Light	Manager 1	40 yrs	109 days	61
Dodge, Norman E	City Light	Electrical Engineering Spec Supv	41 yrs	284 days	65
Doherty, Stephen	Fleets & Facilities	Electrician	10 yrs	14 days	70
Duffey, Charles	Municipal Courts	Magistrate	20 yrs	156 days	58
Duncan, Neal L	Parks	Animal Control Officer	16 yrs	238 days	48
Dunlap Jr, Thomas J	City Light	Elec Svc Rep, Sr	30 yrs	341 days	55
Dunlop, Evelyn L	DCLU	Admin Spec II	15 yrs	171 days	64
Dykstra, Ann	ESD	Admin Staff Analyst	23 yrs	6 days	58
Emigh, Ann W	City Light	Account Executive	26 yrs	248 days	58
Eng, Patricia W	City Light	Elec Constr & Maint Sup	31 yrs	84 days	58
Farnham, Janice M	Vested	Vested	16 yrs	19 days	63
Fearing, Cynthia L	Police	Parking Enforcement Officer	29 yrs	117 days	52
Ferrero, Ardyth A	Parks	Disability Mgmt Coord	31 yrs	353 days	62
Flaherty, Janice M	Vested	Vested	2 yrs	106 days	52
Flavors, William E	SDOT	Maint Laborer Traffic Sr	20 yrs	0 days	56
Ford, Stephen E	SDOT	Constr & Maint Equip Operator	24 yrs	9 days	56
Forsberg, Barbara L	DCLU	Housing/Zonig Inspector	26 yrs	19 days	60
Francisco, Antonio	SEATRAN	Asphalt Raker	15 yrs	262 days	60
Frost, James P	Parks	Gardener Sr	30 yrs	217 days	59
Futtrup, Catherine R	City Light	Mngmt & Sys Analyst, Sr	25 yrs	234 days	55
Garcia, Joseph T	Fleets & Facilities	Executive 2	21 yrs	51 days	62
Garcia, Richard M	SPU	Constr & Maint Equip Operator, Sr	19 yrs	117 days	61
Gardner, Debra B	Vested	Graphics Arts Designer	18 yrs	247 days	57
Garrison, Cathy E	Vested	Vested	18 yrs	65 days	59
Garrison, Mary D	Vested	Vested	17 yrs	197 days	57
Gee, Wayne J	SEATRAN	Truck Driver	20 yrs	26 days	62
Gerber, Nancy E	Vested	Vested	15 yrs	115 days	60
Gibbs, Charles W	Vested	Vested	14 yrs	38 days	65
Glenn, Sonia M	ESD	Buyer, Sr.	20 yrs	234 days	62
Goldstein, Barbara S	Vested	Vested	10 yrs	155 days	57

(continued)

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2006**

<b>Name</b>	<b>Department</b>	<b>Position</b>	<b>Years of Service</b>		<b>Age</b>
Gordon, Gilbert Jr.	City Light	Meter Reader, Sr.	29 yrs	190 days	62
Graham, James S	City Light	Cable Splicer	35 yrs	355 days	64
Gross, Janice Rae	Vested	Vested	11 yrs	281 days	60
Gross, Neomi	Muni Court	Accounting Tech Supervisor	23 yrs	112 days	62
Hadley, Barbara	Legislative	Executive Manager	11 yrs	314 days	61
Haining, David J	Vested	Vested	7 yrs	133 days	63
Hampton Jr., Charlie	City Light	Manager 2	24 yrs	8 days	60
Hampton, Joy F	SPU	Customer Service Rep	17 yrs	255 days	56
Hannon, Rand P	Police	Parking Enforcement Officer	7 yrs	252 days	62
Harby, Clifford	City Light	Capital Projects Coordinator	10 yrs	26 days	62
Hardy, Randall W	Vested	Vested	6 yrs	345 days	62
Hargesheimer, Sheila V.	Vested	Vested	15 yrs	68 days	57
Harper, Wanda G	Human Services	Counselor	5 yrs	290 days	65
Harris, Camilla R	SPU	Accounting Technician II	50 yrs	109 days	70
Hart III, Harry H	Fleets & Facilities	Carpenter	25 yrs	157 days	65
Harvey, Kathleen C	Library	Librarian	21 yrs	301 days	65
Headings, Alice E	K.C. Health	Dental Assistant	14 yrs	41 days	70
Heaton, Bill E	K.C. Health	Environmental Health Supv	33 yrs	323 days	59
Heaward, Adelwiza V Reyes	City Light	Admin Spec I	21 yrs	315 days	62
Hillman, Mary F	Library	Librarian	19 yrs	260 days	61
Hisayasu, Janet M	ESD	Accounting Tech III	37 yrs	139 days	65
Holt, Edward A	Vested	Vested	15 yrs	43 days	60
Hoovler, Cecile	City Light	Admin Spec II	10 yrs	16 days	58
Hoskin, Bonnie K	Municipal Courts	Admin Spec I	15 yrs	188 days	67
Howell, Brad L	City Light	Mgmt Svsts Anlyst Supv	25 yrs	320 days	57
Howell, Lillie P	City Light	Admin Spec II	20 yrs	257 days	59
Hubbard, Timothy A	Municipal Courts	Muni Court Court Marshall	10 yrs	2 days	59
Huff, Glen E	City Light	Mat Suplr, Elec-Asg Elec	38 yrs	109 days	62
Hughes, Beatrice A.	City Light	Manager 2	24 yrs	26 days	56
Ivie, Bill E	City Light	Elctn Constr Wkg CC	26 yrs	128 days	63
Jackson, Joy L	Library	Library Associate III	33 yrs	23 days	55
James Jr., Edwin W	Fleets & Facilities	Auto Engineer	20 yrs	91 days	59
Jean, Jill K	Library	Director of Public Services	20 yrs	1 day	55
Jeffcott, Ellen Day	K.C. Health	Health Services Administrator	21 yrs	217 days	60
Jenkins, Barbara A	Police	Admin Spec II	20 yrs	320 days	65
Jochim, Philip Lyle	Vested	Vested	6 yrs	109 days	65
Johnson, Darlene	Police	Police Comm Dispatcher II	25 yrs	76 days	60
Jorgensen, Edris	Personnel	Personnel Analyst Supervisor	33 yrs	195 days	58
Katz, Stephen	Vested	Vested	4 yrs	30 days	59
Kennell, James K	SPU	Survey Party Chief Asst	20 yrs	207 days	85
Kersikofski, Suzanne	Vested	Vested	3 yrs	55 days	60
King, Bonnie K	Police	Admin Spec II	22 yrs	76 days	62
Kirkland, Anthony J	ESD	Grants & Contracts Spec Sr	29 yrs	320 days	56
Kirkpatrick, Dale W	City Light	Line CCC	37 yrs	169 days	63
Klockars, Mary M	Law	Asst City Attorney	28 yrs	106 days	65
Knapper, Neal E	City Light	Architect Sr	7 yrs	355 days	67
Kral, Martin J.	Parks	Printing Opns Supy	23 yrs	347 days	60
Kurosu, Andrea M	Police	Parking Enforcement Officer	11 yrs	14 days	59

(continued)

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2006**

<b>Name</b>	<b>Department</b>	<b>Position</b>	<b>Years of Service</b>	<b>Age</b>
Land,Stephen	Vested	Vested	2 yrs 362 days	62
Laney,Robert R	City Light	Admin Support Asst	34 yrs 287 days	57
Lawson Sr.,Jerry E	City Light	Line CC	25 yrs 209 days	62
Lawson,Gene J	Police	Police Communications Analyst	31 yrs 338 days	59
Lewis,Diana K	Police	Admin Supp Supvr	40 yrs 89 days	63
Lindsay,Richard	Police	Emergency Prep Officer	20 yrs - days	62
Long,George H	Parks	Special Events Scheduler	30 yrs 97 days	57
Luboff,Christine M	SPU	Strategic Advisor 2	20 yrs 224 days	60
Lucas,Robert E	SPU	Lead Drainage & Waste Collector	30 yrs 28 days	51
Lundquist,Richard R	Human Services	Financial Analyst Sr	30 yrs 16 days	60
Luther,David J	Parks	Gardener Sr	37 yrs 19 days	61
Maia,Socorro	City Light	Meter Electrician	19 yrs 312 days	57
Malmberg,Gary C	Fleets & Facilities	Mechanic	24 yrs 269 days	65
Mar,Susan L	City Light	Planning & Development Spec Sr	30 yrs 142 days	55
Marshall, John W.	Parks	Architect Assoc.	30 yrs 185 days	64
Martin,Ann M	Vested	Vested	7 yrs 46 days	56
Massingale,Ray B	City Light	Right of Way Maint Worker	17 yrs 18 days	62
Masters,Joan M	K.C. Health	Public Health Nurse	13 yrs 108 days	57
Matthews,Stanley	Fleets & Facilities	Janitor	11 yrs 88 days	64
McArty,John Edward	Personnel	Strategic Advisor 2	31 yrs 114 days	61
McDowell,Donald	Police	Photographi Services Supvsr	30 yrs 12 days	57
McDowell,Kathleen J	City Light	Manager 2	36 yrs 64 days	57
McGovern,E Joann	SEATRAN	Bridge Operator Supervisor	35 yrs 66 days	57
McKim,Dorothy E	K.C. Health	Nurse	29 yrs 214 days	61
McKinney,Lula B	Police	Parking Enforcement Officer	30 yrs 8 days	59
McKinney,Norma Jean	Personnel	Executive 3	7 yrs 271 days	64
McMillan,Leslie	Vested	Vested	13 yrs 304 days	58
McNeil,Deborah W	Vested	Vested	13 yrs 120 days	57
Meeks,Karen L	Vested	Vested	18 yrs 136 days	53
Miramontez,Eufemio Pete	SEATRAN	Bridge Operator	30 yrs 60 days	62
Moeller,Matthew N.	Vested	Vested	24 yrs 80 days	52
Monson,Donald J	Seattle Center	Warehouser Sr	31 yrs 119 days	51
Moody,Valerie J	City Light	Janitor	16 yrs 167 days	63
Moraleja,Rufino R	Vested	Vested	7 yrs 266 days	63
Mose,Taumaoc	SPU	Maintenance Worker	14 yrs 154 days	65
Murphy,Martin E	City Light	Journeyworker in Charge	24 yrs 7 days	62
Nelson,Daniel A	Vested	Vested	5 yrs 205 days	62
Nelson,James A	Library	Library Associate II	25 yrs 184 days	62
Nelson,Kristine O	Vested	Vested	10 yrs 197 days	59
Nelson,Stuart D	SEATRAN	Manager 3	36 yrs 3 days	55
Ortiz,Joseph A	SPU	Info Tech Prof	15 yrs 9 days	67
Ostrander,K E	City Light	Electrician	37 yrs 215 days	61
Ostrom,Thomas C	Parks	Rec Program Coordinator Sr	27 yrs 95 days	53
Pananen,Lauren W	Vested	Vested	14 yrs 262 days	65
Panlasigui,Fernando	SPU	Public Utilities	31 yrs 117 days	62
Paquette,Daniel J	DoIT	Information Technology	20 yrs 31 days	56
Passow,Diana Proffitt	Neighborhoods	Customer Service Rep	30 yrs 96 days	55
Peters,Thomas E.	Fleets & Facilities	Mechanic Sr	30 yrs 289 days	58
Pfender,Mary E	SEATRAN	Capital Projects Coordinator	22 yrs 22 days	62

(continued)

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2006**

<b>Name</b>	<b>Department</b>	<b>Position</b>	<b>Years of Service</b>		<b>Age</b>
Phillips,Terry L	Parks	Ground Maintenance Lead	25 yrs	59 days	60
Pineda,Victor B	Finance	Financial Analyst Sr	26 yrs	70 days	55
Pirrie,Elisabeth P	Vested	Vested	7 yrs	256 days	62
Rainwater,Billy L	SPU	Civil Engrng Spec Asst III	25 yrs	143 days	53
Ramos,Theresa G	DPD	Permit Process leader	31 yrs	16 days	54
Randall,Michelle D	Neighborhoods	Manager 1	31 yrs	139 days	55
Rankin,Elizabeth A	SEATRAN	CSPI & Mgr 2	21 yrs	65 days	58
Reese,Margaret Anne	SPU	Manager 2	22 yrs	159 days	57
Rennels,Susan H	Library	Librarian	20 yrs	8 days	59
Revelle,Randall	Vested	Vested	15 yrs	268 days	64
Rice,Albert C	SPU	Manager 3	38 yrs	125 days	65
Richard,Gehla S	Vested	Vested	15 yrs	199 days	57
Richards,Deanna	SPU	Truck Driver	7 yrs	230 days	66
Richards,Diane T	Human Services	ADS Home Based Care Supv, Sr.	20 yrs	23 days	54
Roberts,John E	City Light	Energy Mgmt Analyst Sr	29 yrs	44 days	56
Robinson,Linda	SPU	Admin Spec II	25 yrs	354 days	56
Rogers,Don Stetson	SPU	Utility Hearing Officer	21 yrs	57 days	63
Rood,Yukiko O	Vested	Vested	11 yrs	170 days	59
Rosario,Joshua Jose	Light	Electrical Engineering	12 yrs	64 days	65
Rosell,Mavis S	Vested	Vested	11 yrs	28 days	57
Sanchez,Yvonne O	Neighborhoods	Executive 3	5 yrs	356 days	62
Schmid,Richard P	SPU	Constr & Maint Equip Operator, Sr	25 yrs	191 days	54
Senour,Marilyn L	SDOT	Planning & Development Spec II	18 yrs	179 days	60
Shaffer,Charles L	City Light	Electrical Engineering Spec	32 yrs	282 days	56
Shaffer,Jean C	City Light	Utility Manager 3	27 yrs	68 days	53
Sharp,Linda M	City Light	Admin Spec II	9 yrs	301 days	62
Simpson,Michael K	Fleets & Facilities	Janitor	35 yrs	361 days	62
Skinner,J G	City Light	Elec Pwr Sys Prn	37 yrs	285 days	62
Smith,Carroll P	SEATRAN	Capital Project Coord Assoc.	19 yrs	206 days	57
Smith-Graham,Pamela L	City Light	Executive 2	31 yrs	187 days	52
Soliman,Theresa M	Police	Admin Spec I	23 yrs	4 days	52
Sparby,Dennis L	City Light	Journeyworker in Charge	30 yrs	202 days	60
Staadecker,Benita M	SEATRAN	Civil Engineering Spec	23 yrs	171 days	59
Stafford,William B	Vested	Vested	19 yrs	361 days	65
Steele,Kerin R	Law	Paralegal	11 yrs	258 days	63
Steere,Monte B	City Light	Hydoelec Maint Mech	30 yrs	54 days	62
Steinebach,Michael D	Municipal Courts	Court Cashier	19 yrs	234 days	60
Steinmeyer,Kathleen	Personnel	Executive 2	26 yrs	91 days	54
Stotler,Rodney J	City Light	Workload Plng & Sched Anlyst	38 yrs	237 days	62
Street,James B	Human Services	Executive 1	18 yrs	307 days	64
Sullivan,Peggy A	City Light	Electrical Svc Rep	21 yrs	27 days	56
Sunga,Leonida D	DoIT	Accounting Tech II	32 yrs	82 days	59
Surdam,Glenda Maxwell	Vested	Vested	22 yrs	140 days	58
Swanson,Jerry L.	City Light	Planning & Engineering Mngr 3	35 yrs	253 days	62
Szeto,John Y	Police	Police Data Tech. , Sr.	31 yrs	34 days	58
Tannehill,Mary L	Personnel	Manager 2	21 yrs	57 days	58
Taylor,Terry	Police	Parking Enforcement Officer	15 yrs	172 days	57
Thompson,George William	Vested	Vested	7 yrs	294 days	65

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**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2006**

<b>Name</b>	<b>Department</b>	<b>Position</b>	<b>Years of Service</b>	<b>Age</b>
Thompson,Ovid T	Neighborhoods	Strategic Advisor 1	28 yrs 16 days	65
Tobin,Elisabeth A	City Light	Executive 2	26 yrs 296 days	59
Toney,James D	ESD	Tax Auditor	18 yrs 235 days	63
Tong,Francis W	City Light	Manager 3	27 yrs 299 days	56
Trias,Ederlinda R	SEATRAN	Financial Analyst	31 yrs 13 days	55
Tumbleson,Harla F	Human Services	Planning & Development Spec Sr	22 yrs 65 days	58
Turnbull,Lyle E	Police	Admin Spec II	32 yrs 219 days	63
Underwood,Frances A	City Light	Executive Assistant	29 yrs 172 days	55
Valdez,Irene P	City Light	Accounting Tech II	30 yrs 167 days	65
Varness,Carl J	DEA	Animal Control Officer	33 yrs 291 days	62
Vogel,Charles L	City Light	Public Relations	24 yrs 5 days	59
Voget,Jane	Vested	Vested	14 yrs 140 days	57
Wai,Yung	City Light	Info Tech Prof	14 yrs 18 days	65
Ward,Joanne	City Light	Elec Constr Crew Coord	27 yrs 222 days	65
Warmouth,William G	SEATRAN	Manager 2	34 yrs 177 days	58
Watson,Daniel David	ESD	Tax Auditor	12 yrs 314 days	62
Weiland,Alan T	City Light	Elec Constr Wkr CC	35 yrs 47 days	60
Weintraub,Paul L	City Light	Executive Assistant	34 yrs 257 days	68
Werner,Sandra	Vested	Vested	11 yrs 245 days	49
West,Helen T	SPU	Manager 2	35 yrs 319 days	66
Westergaard,Diane E	City Light	Customer Service Rep	27 yrs 186 days	63
Wilcots,Kathleen M	Police	Admin Staff Asst	23 yrs 7 days	57
Williams,Onna M	SPU	Utility Account Rep	20 yrs 215 days	56
Wilson,Michael E	Library	Employment and Comp Analyst	26 yrs 43 days	57
Wolfe,Christina	Vested	Vested	19 yrs 30 days	57
Wong,Jon J	Fleets & Facilities	Auto Mechanic	27 yrs 344 days	64
Wyatt,Rochelle	DoIT	Manager 2	26 yrs 217 days	53
Yamada,Rose K	City Light	Electrical Workload Supervisor	11 yrs 175 days	60
Yamasaki,Minoru W	City Light	Electrician	26 yrs 7 days	63
Yang,Tsui-Lien	SPU	Civil Engineering Spec	20 yrs 276 days	62
Yee,James Elizabeth	Library	Librarian	20 yrs 197 days	70
Yoshitomi,Joan K	Vested	Vested	5 yrs 203 days	66
Young Jr.,Frank	City Light	Elec Constr Wkg CC Asg Coord	30 yrs 4 days	48
Zevin,Rona M	DoIT	Executive 2	30 yrs 237 days	57

Total Service Retirements 276

**DISABILITY RETIREMENTS**

Depew,Laurie D	Personnel	Personnel Analyst, Sr	11 yrs 322 days	51
Sicard,Monica Katherine	SPU	Civil Engineering Spec. Asst III	11 yrs 220 days	49

Total Disability Retirements 2

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
RETIRED MEMBERS DECEASED IN 2006**

<b>Name</b>	<b>Retired For</b>	<b>Department</b>	<b>Date Retired</b>	<b>Date of Death</b>	<b>Age at Death</b>
Adams,Ethel M	Service	City Light	09/01/1979	12/05/2006	88
Alexander,Kenneth	Service	Light	09/01/1971	05/08/2006	94
Almberg,Evelyn F	Service	Water	06/01/1976	07/08/2006	92
Anderson,Charlotte L	Service	Water	12/01/1976	06/26/2006	89
Anderson,David H	Service	Light	01/01/1982	12/08/2006	87
Auchter,Charlotte I	Service	OMB	10/01/1976	01/30/2006	87
Baker,Rosemary	Service	Retirement	04/01/1977	09/23/2006	90
Baker,William D	Service	Light	06/01/1982	01/17/2006	88
Ballantine,F W	Service	OMB	09/01/1979	05/08/2006	78
Barnwell,William H	Service	Light	05/01/1985	04/25/2006	85
Barry,Thomas P	Service	Engineering	04/01/1985	08/27/2006	85
Bennett,Glen H	Service	Engineering	04/01/1982	02/13/2006	85
Bernard,John W	Service	Engineers	07/01/1989	09/11/2006	76
Blattman,Edwin	Service	City Light	07/01/1989	06/12/2006	86
Bowen,Gerald	Service	Light	05/01/1987	02/08/2006	76
Bray,Lois	Disability	Water	04/01/1977	07/23/2006	80
Brockman,Donald C	Service	Light	02/01/1984	01/01/2006	84
Brownfield,Virginia	Service	City Light	10/01/1983	12/07/2006	85
Cariker,Doyle	Service	City Light	11/03/2001	09/30/2006	69
Chamness,Earl T	Service	Light	11/01/1980	01/10/2006	90
Clark,Ronald F.	Service	Parks	03/07/2006	04/01/2006	59
Clevenger,William C	Service	SEATRAN	04/17/1998	04/06/2006	56
Click,Leslie J	Service	City Light	03/01/1982	07/20/2006	86
Connolly,Lucille A	Service	Health	11/01/1992	10/06/2006	77
Cook,Robert S	Service	Engineering	01/01/1975	04/15/2006	82
Coupens,Jerome M	Service	Parks	03/01/1986	08/26/2006	83
Dadosio,Joseph	Service	Light	06/01/1976	02/02/2006	87
Dark,Ralph E	Service	Metro Transit	11/01/1982	06/10/2006	85
Darnell,William G	Service	Engineering	05/01/1985	04/11/2006	83
Davis,Paul A	Service	Admin Services	10/01/1986	10/10/2006	82
Deets,Helen I	Service	Health	06/01/1972	05/10/2006	99
Della,Inocencia A	Service	City Light	01/01/1987	10/03/2006	82
Demmons,Donald T	Service	DAS	12/01/1983	04/28/2006	88
Dijulio,Charlotte M	Service	Treasury	05/01/1975	07/11/2006	93
Driscoll,Clarence J	Service	LC&A	04/01/1983	12/24/2006	89
Dulmage,Harland	Service	Police	01/01/1979	08/12/2006	72
Egan,Ethel M	Service	Fire	07/01/1977	11/23/2006	90
English,Dorothy V	Service	Library	07/01/1989	02/20/2006	84
Enloe,Eugene J	Service	Light	08/01/1975	05/17/2006	95
Erickson,Bennett	Service	Library	04/01/1984	10/12/2006	84
Erikson,John G	Service	Metro	05/01/1974	01/30/2006	94
Ewing,Gary C.	Service	Water	02/05/1997	03/25/2006	62
Falkenberg,William C	Service	Metro Transit	03/01/1985	03/19/2006	85
Flowers,Stella	Service	Admin Services	08/01/1985	08/26/2006	83
Folsom,Edward L	Service	Health	05/01/1978	06/01/2006	90
Francisco,Antonio	Service	SEATRAN	07/06/2006	09/14/2006	60

(continued)

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
RETIRED MEMBERS DECEASED IN 2006

<b>Name</b>	<b>Retired For</b>	<b>Department</b>	<b>Date Retired</b>	<b>Date of Death</b>	<b>Age at Death</b>
Fulton, Georgina M	Service	Policy Planning	12/01/1978	09/23/2006	87
Gleason, Lyle L	Service	City Light	10/01/1975	10/03/2006	94
Goren, Faye	Service	DPD	05/01/1987	08/06/2006	88
Granger, James S	Service	Light	12/01/1995	07/10/2006	68
Granholm, Sharon	Service	City Light	03/14/2001	04/29/2006	67
Greene, Janice	Service	SPU	10/01/2002	12/31/2006	55
Hamman, Roy G	Service	Transit	01/01/1969	04/24/2006	97
Hansen, Theodore F	Service	Light	02/01/1981	05/15/2006	89
Hauptli, Lois J	Service	City Light	03/01/1992	03/10/2006	78
Hauskins, William E	Service	ESD	05/15/1999	06/10/2006	75
Henifin, Sharon L	Service	Fire	06/01/1995	10/29/2006	68
Hermanson, Dorothy	Service	Light	10/01/1987	03/22/2006	84
Hester, Clifford F	Service	DCLU	06/01/1982	12/18/2006	87
Hewes, Jack Gordon	Service	Light	11/01/1983	05/29/2006	77
Hilstad, Hollon	Service	Parks	09/26/1996	05/19/2006	67
Hilt, Ottilia C	Service	Human Services	07/01/1990	10/16/2006	84
Himelhoch, William G	Service	Muni Court	02/01/1982	06/25/2006	90
Hoesl, Alda	Service	Police	06/02/2000	08/12/2006	72
Honnold, Royal C	Service	Transit	05/01/1975	06/09/2006	88
Horowitz, Harry N	Service	Engineering	03/01/1985	06/03/2006	91
Hoxie, Robert W	Service	Engineering	03/01/1980	06/07/2006	80
Huisman, Shirley A	Service	Police	08/01/1993	01/24/2006	74
Hundahl, Melvin	Service	Light	07/01/1978	11/04/2006	81
Hundahl, Victor	Service	Light	05/01/1977	06/03/2006	82
Hurlbut, Raymond G	Service	Engineers	06/01/1976	08/26/2006	93
Ito, Eddie K	Service	Light	09/01/1988	07/05/2006	74
Jacobs, Eugene G	Service	Parks	07/01/1985	05/25/2006	83
Jacobsen, Esther V	Service	City Light	02/01/1976	04/14/2006	88
Jacobsen, William L	Service	Metro Transit	11/01/1989	06/21/2006	78
Jacobson, Patricia F	Service	City Light	11/14/1998	10/29/2006	84
Jermyn, Maureen J	Service	Police	11/01/1992	05/29/2006	70
Johnson, Richard	Service	Water	09/18/1996	02/04/2006	73
Johnston, Kathryn L	Service	Light	11/01/1975	12/23/2006	83
Kato, Mutsu	Service	DAS	11/01/1994	12/28/2006	87
Kennedy, Marie J	Service	Judicial	09/01/1984	01/27/2006	84
Kithcart, Marshall B	Service	Water	06/01/1981	08/28/2006	82
Kocher, Uriel D	Service	Water	04/01/1987	10/06/2006	84
Koe, Robert L	Service	DCLU	03/01/1988	02/13/2006	83
Krummel, Paul F	Service	City Light	03/01/1984	03/23/2006	87
Kunitsugu, Hiroshi	Service	Admin Services	02/01/1981	03/18/2006	85
Kunkle, Harry	Service	Light	05/01/1981	01/19/2006	89
Lewin, Harry M	Service	City Light	04/01/1980	10/07/2006	89
Lockhart, James A	Service	Light	09/01/1992	05/18/2006	75
Luebke, Theodore F	Service	SPU	08/14/1999	02/16/2006	68
Lukevich, Nick	Service	Engineering	06/01/1980	07/30/2006	85
Luther, Melvin E	Service	Metro	09/01/1987	08/06/2006	81

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**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
RETIRED MEMBERS DECEASED IN 2006**

<b>Name</b>	<b>Retired For</b>	<b>Department</b>	<b>Date Retired</b>	<b>Date of Death</b>	<b>Age at Death</b>
Martin,Roger M	Service	Metro	07/01/1984	11/23/2006	91
Mason,Phyllis C	Service	Police	07/01/1986	03/06/2006	82
McCanna,Charles	Service	DCLU	07/17/2004	07/01/2006	74
Mcfarlane,Lillian M	Service	Light	07/01/1980	12/19/2006	83
Mchugh,Edward J	Service	DEA	07/01/1992	06/19/2006	48
Meade,Hobart H	Service	Community Development	06/01/1982	10/12/2006	81
Meyer,Cecil F	Service	Transit	03/01/1968	10/19/2006	90
Meyer,Howard	Service	Light	07/01/1979	11/02/2006	86
Molenda,Tadeusz V	Service	Light	01/01/1994	05/03/2006	90
Morangopoulos,T	Service	Admin Services	04/01/1988	11/27/2006	81
Morrison,Lew H	Service	City Light	04/01/1975	10/31/2006	93
Murray,Robert W	Service	Library	10/01/1989	05/07/2006	76
Neault,George J	Service	Light	03/01/1994	05/16/2006	72
Neill,Roger	Service	City Light	03/03/1999	06/06/2006	70
Nelson,Corbett H	Service	Light	11/01/1976	06/30/2006	94
Nitsche,Robert L	Disability	City Light	10/01/1985	09/30/2006	59
O'hara,Jack S	Service	DCLU	06/01/1988	12/28/2006	84
Olsen,Gladys E	Service	Light	11/01/1978	12/14/2006	88
Osawa,Henry H	Service	Water	11/01/1982	10/31/2006	83
Owens,Martin J	Service	City Light	05/03/1989	11/13/2006	85
Pennell,David	Service	City Light	07/01/1975	08/11/2006	90
Pine,Edmund G	Service	Parks	08/01/1989	02/20/2006	81
Pittis,Jack N.	Service	Engineering	08/01/1999	02/03/2006	59
Pizzello,Wm F	Service	Metro-Transit	06/01/1968	01/27/2006	89
Plattner,Lloyd C	Service	DAS	01/01/1972	12/17/2006	97
Quealey, Virginia M	Service	City Light	10/01/1993	07/19/2006	82
Reynolds,Susan L	Service	City Light	10/01/1990	10/24/2006	79
Rivas,Joe H	Service	Engineering	11/01/1991	05/25/2006	79
Rogerson,Ralph T	Service	City Light	06/01/1984	05/20/2006	86
Romanick,Morris	Disability	Transit	06/01/1969	12/02/2006	81
Rosario,Joshua Jose	Service	Light	03/07/2006	06/04/2006	66
Saurdiff,Albert L	Service	Engineering	03/01/1975	01/01/2006	93
Schmid, Elaine M.	Service	Seattle Center	01/01/2004	03/13/2006	60
Schoonover,M C	Service	Health	10/01/1971	11/11/2006	93
Senear,John	Service	Metro-Transit	07/01/1979	02/16/2006	78
Shore,Bella A	Service	Muni Courts	07/01/1989	10/02/2006	80
Smith,Charles W	Service	Parks	01/01/1991	01/06/2006	78
Smith,G Gordon	Service	Light	05/01/1977	11/16/2006	89
Smith,George	Service	General Services	01/01/1977	09/26/2006	91
Smith,Hazel E	Service	Parks	01/01/1991	01/16/2006	73
Spofforth, Duane R.	Service	Parks	07/05/1996	02/03/2006	73
Squire,Marshall G	Service	Parks	01/01/1980	02/08/2006	82
Stephen,Pearl E	Service	Engineering	12/01/1984	05/09/2006	85
Stromme,Laurence E	Service	City Light	04/01/1983	10/06/2006	84
Teed,Leo	Service	DCLU	04/01/1983	08/28/2006	85
Thompson,Gloria P	Service	Engineering	01/01/1995	02/03/2006	81

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**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
RETIRED MEMBERS DECEASED IN 2006**

<b>Name</b>	<b>Retired For</b>	<b>Department</b>	<b>Date Retired</b>	<b>Date of Death</b>	<b>Age at Death</b>
Thompson,John A	Service	Metro	09/01/1995	03/24/2006	68
Tilbury,Harold E	Service	Light	01/01/1981	02/17/2006	91
Tomich,Stanley G	Disability	Water	02/01/1983	10/29/2006	82
Tratnik,Beverly	Service	Municipal Court	09/10/1996	02/11/2006	69
Turner,Marvin H	Service	General Services	04/01/1978	04/11/2006	90
Vaccaro,Anthony	Disability	Engineering	12/01/1973	03/22/2006	92
Walker,Robert K	Service	Light	01/01/1978	03/23/2006	88
Wedin,Patrick E	Service	Water	10/01/1980	11/19/2006	88
White,Lester J	Service	Parks	03/01/1984	12/21/2006	84
Whiting,Dorothy J	Service	Health	03/02/1998	09/09/2006	67
Wilcox,Robert E	Service	Light	04/01/1977	01/06/2006	85
Willis,Beverly C	Service	City Light	04/01/1983	10/15/2006	86
Willow,Vera L	Service	Light	10/01/1993	01/01/2006	75
Wilmot,Earl C	Service	Metro-Transit	04/01/1976	02/16/2006	94
Wilson,Woodrow W	Service	Light	07/01/1974	04/02/2006	94
Winchell,Frances J	Service	Parks	01/01/1994	11/03/2006	86
Worrell,Roy A	Service	Metro-Transit	01/01/1977	02/13/2006	91
Yoder, Von C	Service	Health	03/01/1988	10/22/2006	85
Zinn,William P	Disability	Light	10/01/1986	04/09/2006	62
Average Age of Deceased Pensioner				82.10	
Average Age of Deceased Disability Pensioner				76.00	
Number of Service Pensioners Deceased				151	
Number of Disability Pensioners Deceased				6	
Death Benefits for Deceased Retirees			\$	236,000.00	
Refund Under Option "A"			\$	73,713.36	
Refund Under Disability			\$	0.00	

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
DEATHS IN ACTIVE SERVICE DURING 2006**

<b>Name</b>	<b>Position</b>	<b>Department</b>	<b>Age</b>
Alexander,Douglas J	Janitor	Fleets & Facilities	59
Betancourt,Julia E	Admin Spec 1	Police	64
Brown-Stewart,Sarah H	Mechanic	Parks	48
Duncan,Neal Lee	Animal Control Officer	Parks	48
Frazier,Patrick E	Rec Program Spec	Parks	38
Hall,Steve L	Civil Engineer Spec Assoc	Seattle Center	47
Hampton,Joy Freeman	Customer Service Rep	SPU	56
Iris, Terence L	Aquatic Center Coord	Parks	32
Joseph,Dianne M	Admin Spec I	Human Services	52
Kennedy III,John J	Real Property Agent Sr.	Fleets & Facilities	65
Long,George H	Special Events Scheduler	Parks	57
Morris,Karen K	Admin Spec II	Police	61
Nakata,Matthew W	Legislative Asst	Legislative	29
Senour,Marilyn L	Planning Development Spec II	SDOT	60
Watanabe,Kenneth K	Site Review Eng Super	Planning & Development	62
Wilson,Jerome	Electrical Inspector	DCLU	53
Total			16
Average Age			51.94

**DEATH BENEFIT SYSTEM**  
**For The Year Ended December 31, 2006**

All active members and those retired members who so elect are covered by the Death Benefit System. The Death Benefit System is similar to a life insurance policy and pays \$2,000 to the beneficiary of an active or retired member.

The annual premium for each member is \$12, with the City matching this amount. Any additional funds needed to fund the Death Benefit System come from the undistributed earnings of the Retirement System.

There were 16 deaths in active service and 118 claims from retired employees - a total of 134 claims. This compares with 11 (2 vested) deaths in active service in 2005, and 160 claims from retired employees - a total of 169. The claims totaled \$268,000 in 2006, and \$338,000 in 2005.

Income from the 15,586 active and retired employees was \$ 138,810

Income from Employers:

Seattle City Light	\$ 19,788	
General Fund	57,588	
SEATRAN	4,530	
Seattle Parks Department	12,708	
Seattle Public Utilities	16,524	
Finance	3,516	
Library	7,128	
Seattle Center	7,440	
Construction and Land Use	4,800	
Metro Transit Fund	2,184	
Employees' Retirement System	168	
King County Health & Custodial	<u>2,244</u>	
Total from Employer Funds		<u>\$ 138,618</u>
Total paid into Death Benefit Reserve		\$ 277,428
Transfer from Undistributed Investment Earnings		<u>\$ 9,428</u>
		\$ 268,000
<u>Less: Death Benefit Claims - 2006</u>		<u>\$ (268,000)</u>
Death Benefit Reserve Balance December 31, 2006		\$ 0.00

**UNUSED SICK LEAVE**

At the time of retirement, members may elect to receive a cash payment equal to 25% of the monetary value of their "unused sick leave". The monetary value is developed by multiplying the number of hours of unused sick leave by the hourly rate, and is calculated and paid to the employee by the employing department when the person retires immediately following employment. Vested members retiring at a future date do not receive a sick leave payout.

The member may elect to write a check payable to the City, and deliver it to the Retirement System, for the amount of the sick leave payout, and this amount will be placed in an account to be used to pay health care premiums for self and spouse. Since the health care premiums are paid from the Health Care Fund, these funds do not accrue interest. If the retiree dies before the credit is exhausted, the surviving spouse may use the remaining credit to pay for health care coverage.

In the event of the death of an active employee eligible for sick leave benefits, the employing department will pay the beneficiary an amount equal to 25% of said employees' accumulated unused sick leave.

Of the 276 service retirements during 2006, only 2 retirees deposited the value of their sick leave payout to an account that will be used to pay their medical premiums.

**Percentage of Average Salary**

Years of Retirement Credit	Age														Years of Retirement Credit		
	Any	52	53	54	55	56	57	58	59	60	61	62	63	64		65	
30	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	30
29		58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	29
28		56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	28
27		51.3	54	54	54	54	54	54	54	54	54	54	54	54	54	54	27
26		46.8	49.4	52	52	52	52	52	52	52	52	52	52	52	52	52	26
25		42.5	45	47.5	50	50	50	50	50	50	50	50	50	50	50	50	25
24		38.4	40.8	43.2	45.6	48	48	48	48	48	48	48	48	48	48	48	24
23		34.5	36.8	39.1	41.4	43.7	46	46	46	46	46	46	46	46	46	46	23
22		30.8	33	35.2	37.4	39.6	41.8	44	44	44	44	44	44	44	44	44	22
21		27.3	29.4	31.5	33.6	35.7	37.8	39.9	42	42	42	42	42	42	42	42	21
20		24	26	28	30	32	34	36	38	40	40	40	40	40	40	40	20
19							28.88	30.02	31.16	32.3	33.44	34.58	35.72	36.86	38	19	
18							27.36	28.44	29.52	30.6	31.68	32.76	33.84	34.92	36	18	
17							25.84	26.86	27.88	28.9	29.92	30.94	31.96	32.98	34	17	
16							24.32	25.28	26.24	27.2	28.16	29.12	30.08	31.04	32	16	
15							22.8	23.7	24.6	25.5	26.4	27.3	28.2	29.1	30	15	
14							21.28	22.12	22.96	23.8	24.64	25.48	26.32	27.16	28	14	
13							19.76	20.54	21.32	22.1	22.88	23.66	24.44	25.22	26	13	
12							18.24	18.96	19.68	20.4	21.12	21.84	22.56	23.28	24	12	
11							16.72	17.38	18.04	18.7	19.36	20.02	20.68	21.34	22	11	
10							15.2	15.8	16.4	17	17.6	18.2	18.8	19.4	20	10	
9												16.38	16.92	17.46	18	9	
8		<b>Not Eligible to Retire</b>										14.56	15.04	15.52	16	8	
7												12.74	13.16	13.58	14	7	
6												10.92	11.28	11.64	12	6	
5												9.1	9.4	9.7	10	5	

**Identify percentage factor above that applies to your age and years of service.**

Percentages increase with each day of service.

Maximum percentage factor = 60% with 30 years of retirement credit.

Average Salary = Average of Highest Consecutive 24 months.

If Expected retirement date is 2 years or more from now, use today's salary as estimated Final Average Salary.

**Eligibility for Retirement**

**5 to 9 years of service - and are age 62 or older**

**10 to 19 years of service - and are age 57 or older**

**20 to 29 years of service - and are age 52 or older**

**30 years of service - any age**

**Example: 22 years of credit, age 56, and final average salary is \$2,500**

$$\begin{array}{r}
 \underline{\$ 2,500} \\
 \text{Final Average Salary}
 \end{array}
 \times
 \begin{array}{r}
 \underline{39.6 \%} \\
 \text{percentage factor from table} \\
 \text{based on age and years of credit}
 \end{array}
 =
 \begin{array}{r}
 \underline{\$ 990} \\
 \text{Estimated Pension Amount}
 \end{array}$$

*This form is only intended to provide a general profile of how an estimated pension amount is calculated.*

Any unpaid leave during your career is not counted towards retirement credit.



Seattle City Employees' Retirement System  
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[www.seattle.gov/retirement](http://www.seattle.gov/retirement)