

## Second-Injury Fund Assessment for FY2019

The Second-Injury Fund is used to relieve self-insured employers' costs for pensions resulting from the combined effects of a prior industrial injury and a "second" injury. Each year self-insured employers must contribute to this fund to cover its projected costs.

▶ Assessment rate for the second-injury fund for Fiscal Year 2019 = 0.1050

### How we calculated this assessment rate

#### Step 1 — Identifying funding needed

Second-injury pensions projected for 2019	37,523,949
Plus: 2018 pension reserve funding shortage	<u>+ 16,503,388</u>
Net projected funding requirement for FY2019	\$ 54,027,337

#### Step 2 — Calculation of base rate for assessment

Funding requirement projected for 2019	\$ 54,027,337	=	0.1039
Divided by total claim payments projected for 2019 <sup>1</sup>	<u>\$ 520,000,000</u>		

#### Step 3 — Final adjustment to take experience rating into account

Base rate for assessment	0.1039	=	0.1050	◀	<b>Final Rate</b>
Divided by the aggregate adjustment factor for 2018 <sup>2</sup>	<u>0.989156</u>				

### Notes about your assessment

- The funding shortage in pension reserves for 2018 was caused by decreased investment returns and a pension discount rate that exceeded investment yield. L&I plans to mitigate the impact of lower investment returns by gradually lowering the discount rate.
- Your contribution to the Second Injury Fund will reflect your actual usage of the fund in the previous three fiscal years. After being adjusted by your experience factor, your rate will appear in Box 8 of your quarterly report.<sup>3</sup>
- Adjustments for prior years were not made to ensure fund operations remain above the minimum balance required by rule.
- The Department sets the Second Injury assessment rate on an annual basis rather than quarterly so that rates are stable, which helps the self-insured community with their budgeting.

### Questions?

Contact  James Nylander, Program Manager for L&I Self-Insurance Section, at 360-902-6907 or email [nyla235@lni.wa.gov](mailto:nyla235@lni.wa.gov).

<sup>1</sup> Projected claim payments do not include Department of Energy claims.

<sup>2</sup> This is an aggregate adjustment factor that ensures the amount collected for the Second Injury Fund is proportional to the amount expended, as required by RCW 51.44.040

<sup>3</sup> In accordance with WAC 296-15-225.