

## Second-Injury Fund Assessment for FY2017

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 2017 = .1326

### How we calculated this assessment rate

#### Step 1 — Identifying funding needed

Second-injury pensions projected for 2017	40,000,000
Plus funding shortage from 2016	+ 28,357,739
Net projected funding requirement for FY2017	\$68,357,739

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

Funding requirement projected for 2017	\$68,357,739	= .1322
Divided by total claim payments projected for 2017 <sup>1</sup>	\$ 517,000,000	

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

Base rate for assessment	.1322	= .1326 ◀ Final Rate
Divided by average experience factor <sup>2</sup>	0.996801	

### Notes about your assessment

- The funding shortage in pension reserves from 2016 was caused by falling 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>
- This year it was not necessary to develop different assessment rates for employers certified before and after July 1, 2015. There were no financial differences that needed to be addressed.
- The Department of Labor & Industries (L&I) assesses for this fund on an annual basis rather than quarterly to help the self-insured community with their budgeting.

### Questions?

Contact Jim Nylander, Program Manager for L&I Self-Insurance Section, at 360-902-6907 or [Jim.Nylander@Lni.wa.gov](mailto:Jim.Nylander@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.