
HOUSE BILL 2043

State of Washington 55th Legislature 1997 Regular Session

By Representatives Conway, Delvin, Wolfe, Lambert and Ogden

Read first time 02/18/97. Referred to Committee on Appropriations.

1 AN ACT Relating to joint committee on pension policy
2 recommendations on rates and economic assumptions for the retirement
3 systems; and amending RCW 41.45.020, 41.45.030, 41.45.060, and
4 44.44.060.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 41.45.020 and 1995 c 239 s 306 are each amended to
7 read as follows:

8 As used in this chapter, the following terms have the meanings
9 indicated unless the context clearly requires otherwise.

10 (1) "Council" means the economic and revenue forecast council
11 created in RCW 82.33.010.

12 (2) "Department" means the department of retirement systems.

13 (3) "Law enforcement officers' and fire fighters' retirement system
14 plan I" and "law enforcement officers' and fire fighters' retirement
15 system plan II" mean the benefits and funding provisions under chapter
16 41.26 RCW.

17 (4) "Public employees' retirement system plan I" and "public
18 employees' retirement system plan II" mean the benefits and funding
19 provisions under chapter 41.40 RCW.

1 (5) "Teachers' retirement system plan I," "teachers' retirement
2 system plan II," and "teachers' retirement system plan III" mean the
3 benefits and funding provisions under chapter 41.32 RCW.

4 (6) "Washington state patrol retirement system" means the
5 retirement benefits provided under chapter 43.43 RCW.

6 (7) "Unfunded liability" means the unfunded actuarial accrued
7 liability of a retirement system.

8 (8) "Actuary" or "state actuary" means the state actuary employed
9 under chapter 44.44 RCW.

10 (9) "State retirement systems" means the retirement systems listed
11 in RCW 41.50.030.

12 (10) "Joint committee" means the joint committee on pension policy
13 created in RCW 44.44.050.

14 **Sec. 2.** RCW 41.45.030 and 1995 c 233 s 1 are each amended to read
15 as follows:

16 (1) Beginning September 1, 1995, and every two years thereafter,
17 the state actuary shall submit to the joint committee and the council
18 information regarding the experience and financial condition of each
19 state retirement system. The joint committee will provide
20 recommendations regarding long-term economic assumptions to the
21 council. The council shall ~~((review this))~~ consider the joint
22 committee recommendation and such other information as it may require.

23 (2) By December 31, 1995, and every two years thereafter, the
24 council, by affirmative vote of five councilmembers, shall adopt the
25 following long-term economic assumptions:

- 26 (a) Growth in system membership;
27 (b) Growth in salaries, exclusive of merit or longevity increases;
28 (c) Growth in inflation; and
29 (d) Investment rate of return.

30 The council shall work with the joint committee, the department of
31 retirement systems, the state actuary, and the executive director of
32 the state investment board, and shall consider long-term historical
33 averages, in developing the economic assumptions.

34 (3) The assumptions adopted by the council shall be used by the
35 state actuary in conducting all actuarial studies of the state
36 retirement systems.

1 **Sec. 3.** RCW 41.45.060 and 1995 c 239 s 309 are each amended to
2 read as follows:

3 (1) The state actuary shall provide actuarial valuation results
4 based on the assumptions adopted under RCW 41.45.030.

5 (2) The joint committee will make a recommendation to the council
6 on: (a) A basic state contribution rate for the law enforcement
7 officers' and fire fighters' retirement system; and (b) basic employer
8 contribution rates for the public employees' retirement system plan I
9 and plan II, the teachers' retirement system plan I, the teachers'
10 retirement system combined plan II and plan III, and the Washington
11 state patrol retirement system prior to the council's adoption of
12 contribution rates under subsection (3) of this section.

13 (3) Not later than September 30, 1996, and every two years
14 thereafter, consistent with the assumptions adopted under RCW
15 41.45.030, the council shall consider the joint committee's
16 recommendation and adopt both: (a) A basic state contribution rate for
17 the law enforcement officers' and fire fighters' retirement system; and
18 (b) basic employer contribution rates for the public employees'
19 retirement system plan I, the teachers' retirement system plan I, and
20 the Washington state patrol retirement system to be used in the ensuing
21 biennial period.

22 (~~(3)~~) (4) The employer and state contribution rates adopted by
23 the council shall be the level percentages of pay that are needed:

24 (a) To fully amortize the total costs of the public employees'
25 retirement system plan I, the teachers' retirement system plan I, the
26 law enforcement officers' and fire fighters' retirement system plan I,
27 and the unfunded liability of the Washington state patrol retirement
28 system not later than June 30, 2024; and

29 (b) To also continue to fully fund the public employees' retirement
30 system plan II, the teachers' retirement system plans II and III, and
31 the law enforcement officers' and fire fighters' retirement system plan
32 II in accordance with RCW 41.40.650, 41.26.450, and this section.

33 (~~(4)~~) (5) The aggregate actuarial cost method shall be used to
34 calculate a combined plan II and III employer contribution rate.

35 (~~(5)~~) (6) The council shall immediately notify the directors of
36 the office of financial management and department of retirement systems
37 of the state and employer contribution rates adopted.

38 (~~(6)~~) (7) The director of the department of retirement systems
39 shall collect those rates adopted by the council.

1 **Sec. 4.** RCW 44.44.060 and 1987 c 25 s 5 are each amended to read
2 as follows:

3 The joint committee on pension policy shall have the following
4 powers and duties:

5 (1) Study pension issues, develop pension policies for public
6 employees in state retirement systems, and make recommendations to the
7 legislature;

8 (2) Study the financial condition of the state pension systems,
9 develop funding policies, and make recommendations to the legislature
10 and the economic and revenue forecast council; and

11 (3) Appoint or remove the state actuary by a two-thirds vote of the
12 committee.

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