

2 **HB 1025 - H AMD 0028 WITHDRAWN 03/09/99**

3 By Representative Conway

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5 On page 6, after line 8, insert the following:

6 "Sec. 2. RCW 41.50.075 and 1996 c 39 s 16 are each amended to read
7 as follows:

8 (1) Two funds are hereby created and established in the state
9 treasury to be known as the Washington law enforcement officers' and
10 fire fighters' system plan 1 retirement fund, and the Washington law
11 enforcement officers' and fire fighters' system plan 2 retirement fund
12 which shall consist of all moneys paid into them in accordance with the
13 provisions of this chapter and chapter 41.26 RCW, whether such moneys
14 take the form of cash, securities, or other assets. The plan 1 fund
15 shall consist of all moneys paid to finance the benefits provided to
16 members of the law enforcement officers' and fire fighters' retirement
17 system plan 1, and the plan 2 fund shall consist of all moneys paid to
18 finance the benefits provided to members of the law enforcement
19 officers' and fire fighters' retirement system plan 2.

20 (2) All of the assets of the Washington state teachers' retirement
21 system shall be credited according to the purposes for which they are
22 held, to two funds to be maintained in the state treasury, namely, the
23 teachers' retirement system plan 1 fund and the teachers' retirement
24 system combined plan 2 and 3 fund. The plan 1 fund shall consist of
25 all moneys paid to finance the benefits provided to members of the
26 Washington state teachers' retirement system plan 1, and the combined
27 plan 2 and 3 fund shall consist of all moneys paid to finance the
28 benefits provided to members of the Washington state teachers'
29 retirement system plan 2 and 3.

30 (3) There is hereby established in the state treasury two separate
31 funds, namely the public employees' retirement system plan 1 fund and
32 the public employees' retirement system plan 2 fund. The plan 1 fund
33 shall consist of all moneys paid to finance the benefits provided to
34 members of the public employees' retirement system plan 1, and the plan
35 2 fund shall consist of all moneys paid to finance the benefits
36 provided to members of the public employees' retirement system plan 2.

1 The public employees' retirement system plan 2 gain-sharing fund is
2 created within the public employees' retirement system plan 2 fund.

3 **Sec. 3.** RCW 41.50.075 and 1998 c 341 s 503 are each amended to
4 read as follows:

5 (1) Two funds are hereby created and established in the state
6 treasury to be known as the Washington law enforcement officers' and
7 fire fighters' system plan 1 retirement fund, and the Washington law
8 enforcement officers' and fire fighters' system plan 2 retirement fund
9 which shall consist of all moneys paid into them in accordance with the
10 provisions of this chapter and chapter 41.26 RCW, whether such moneys
11 take the form of cash, securities, or other assets. The plan 1 fund
12 shall consist of all moneys paid to finance the benefits provided to
13 members of the law enforcement officers' and fire fighters' retirement
14 system plan 1, and the plan 2 fund shall consist of all moneys paid to
15 finance the benefits provided to members of the law enforcement
16 officers' and fire fighters' retirement system plan 2.

17 (2) All of the assets of the Washington state teachers' retirement
18 system shall be credited according to the purposes for which they are
19 held, to two funds to be maintained in the state treasury, namely, the
20 teachers' retirement system plan 1 fund and the teachers' retirement
21 system combined plan 2 and 3 fund. The plan 1 fund shall consist of
22 all moneys paid to finance the benefits provided to members of the
23 Washington state teachers' retirement system plan 1, and the combined
24 plan 2 and 3 fund shall consist of all moneys paid to finance the
25 benefits provided to members of the Washington state teachers'
26 retirement system plan 2 and 3.

27 (3) There is hereby established in the state treasury two separate
28 funds, namely the public employees' retirement system plan 1 fund and
29 the public employees' retirement system plan 2 fund. The plan 1 fund
30 shall consist of all moneys paid to finance the benefits provided to
31 members of the public employees' retirement system plan 1, and the plan
32 2 fund shall consist of all moneys paid to finance the benefits
33 provided to members of the public employees' retirement system plan 2.

34 The public employees' retirement system plan 2 gain-sharing fund is
35 created within the public employees' retirement system plan 2 fund.

36 (4) There is hereby established in the state treasury the school
37 employees' retirement system combined plan 2 and 3 fund. The combined
38 plan 2 and 3 fund shall consist of all moneys paid to finance the

1 benefits provided to members of the school employees' retirement system
2 plan 2 and plan 3.

3 NEW SECTION. **Sec. 4.** On September 1, 1999, the public employees'
4 retirement system plan 2 gain-sharing fund created in RCW 41.50.075
5 shall be credited with the 1999 extraordinary investment gain amount.
6 The 1999 extraordinary investment gain amount shall be determined as
7 follows:

8 (1) One-half of the sum of the value of the net assets held in
9 trust for pension benefits in the public employees' retirement system
10 plan 2 fund at the close of the previous state fiscal year;

11 (2) Multiplied by the amount which the compound average of
12 investment returns on those assets over the previous four state fiscal
13 years exceeds ten percent.

14 NEW SECTION. **Sec. 5.** The joint committee on pension policy shall
15 study options for distributing funds in the public employees'
16 retirement system plan 2 gain-sharing account created in RCW 41.50.075
17 and report to the legislature no later than January 15, 2000.

18 **Sec. 6.** RCW 41.45.070 and 1998 c 340 s 10 are each reenacted and
19 amended to read as follows:

20 (1) In addition to the basic employer contribution rate established
21 in RCW 41.45.060, the department shall also charge employers of public
22 employees' retirement system, teachers' retirement system, or
23 Washington state patrol retirement system members an additional
24 supplemental rate to pay for the cost of additional benefits, if any,
25 granted to members of those systems. Except as provided in subsections
26 (6) and (7) of this section, the supplemental contribution rates
27 required by this section shall be calculated by the state actuary and
28 shall be charged regardless of language to the contrary contained in
29 the statute which authorizes additional benefits.

30 (2) In addition to the basic state contribution rate established in
31 RCW 41.45.060 for the law enforcement officers' and fire fighters'
32 retirement system the department shall also establish a supplemental
33 rate to pay for the cost of additional benefits, if any, granted to
34 members of the law enforcement officers' and fire fighters' retirement
35 system. Except as provided in subsections (6) and (7) of this section,
36 this supplemental rate shall be calculated by the state actuary and the

1 state treasurer shall transfer the additional required contributions
2 regardless of language to the contrary contained in the statute which
3 authorizes the additional benefits.

4 (3) The supplemental rate charged under this section to fund
5 benefit increases provided to active members of the public employees'
6 retirement system plan 1, the teachers' retirement system plan 1, the
7 law enforcement officers' and fire fighters' retirement system plan 1,
8 and Washington state patrol retirement system, shall be calculated as
9 the level percentage of all members' pay needed to fund the cost of the
10 benefit not later than June 30, 2024.

11 (4) The supplemental rate charged under this section to fund
12 benefit increases provided to active and retired members of the public
13 employees' retirement system plan 2, the teachers' retirement system
14 plan 2 and plan 3, or the law enforcement officers' and fire fighters'
15 retirement system plan 2, shall be calculated as the level percentage
16 of all members' pay needed to fund the cost of the benefit, as
17 calculated under RCW 41.40.650 or 41.26.450, respectively.

18 (5) The supplemental rate charged under this section to fund
19 postretirement adjustments which are provided on a nonautomatic basis
20 to current retirees shall be calculated as the percentage of pay needed
21 to fund the adjustments as they are paid to the retirees. The
22 supplemental rate charged under this section to fund automatic
23 postretirement adjustments for active or retired members of the public
24 employees' retirement system plan 1 and the teachers' retirement system
25 plan 1 shall be calculated as the level percentage of pay needed to
26 fund the cost of the automatic adjustments not later than June 30,
27 2024.

28 (6) A supplemental rate shall not be charged to pay for the cost of
29 additional benefits granted to members pursuant to chapter 340, Laws of
30 1998.

31 (7) A supplemental rate shall not be charged to pay for
32 establishing the public employees' retirement system plan 2 gain-
33 sharing account pursuant to RCW 41.50.075.

34 **Sec. 7.** RCW 41.45.070 and 1998 c 341 s 406 are each reenacted and
35 amended to read as follows:

36 (1) In addition to the basic employer contribution rate established
37 in RCW 41.45.060, the department shall also charge employers of public
38 employees' retirement system, teachers' retirement system, school

1 employees' retirement system, or Washington state patrol retirement
2 system members an additional supplemental rate to pay for the cost of
3 additional benefits, if any, granted to members of those systems.
4 Except as provided in subsections (6) through (8) of this section, the
5 supplemental contribution rates required by this section shall be
6 calculated by the state actuary and shall be charged regardless of
7 language to the contrary contained in the statute which authorizes
8 additional benefits.

9 (2) In addition to the basic state contribution rate established in
10 RCW 41.45.060 for the law enforcement officers' and fire fighters'
11 retirement system the department shall also establish a supplemental
12 rate to pay for the cost of additional benefits, if any, granted to
13 members of the law enforcement officers' and fire fighters' retirement
14 system. Except as provided in subsections (6) through (8) of this
15 section, this supplemental rate shall be calculated by the state
16 actuary and the state treasurer shall transfer the additional required
17 contributions regardless of language to the contrary contained in the
18 statute which authorizes the additional benefits.

19 (3) The supplemental rate charged under this section to fund
20 benefit increases provided to active members of the public employees'
21 retirement system plan 1, the teachers' retirement system plan 1, the
22 law enforcement officers' and fire fighters' retirement system plan 1,
23 and Washington state patrol retirement system, shall be calculated as
24 the level percentage of all members' pay needed to fund the cost of the
25 benefit not later than June 30, 2024.

26 (4) The supplemental rate charged under this section to fund
27 benefit increases provided to active and retired members of the public
28 employees' retirement system plan 2, the teachers' retirement system
29 plan 2 and plan 3, the school employees' retirement system plan 2 and
30 plan 3, or the law enforcement officers' and fire fighters' retirement
31 system plan 2, shall be calculated as the level percentage of all
32 members' pay needed to fund the cost of the benefit, as calculated
33 under RCW 41.40.650 or 41.26.450, respectively.

34 (5) The supplemental rate charged under this section to fund
35 postretirement adjustments which are provided on a nonautomatic basis
36 to current retirees shall be calculated as the percentage of pay needed
37 to fund the adjustments as they are paid to the retirees. The
38 supplemental rate charged under this section to fund automatic
39 postretirement adjustments for active or retired members of the public

1 employees' retirement system plan 1 and the teachers' retirement system
2 plan 1 shall be calculated as the level percentage of pay needed to
3 fund the cost of the automatic adjustments not later than June 30,
4 2024.

5 (6) A supplemental rate shall not be charged to pay for the cost of
6 additional benefits granted to members pursuant to chapter 41.31A RCW;
7 section 309, chapter 341, Laws of 1998; or section 701, chapter 341,
8 Laws of 1998.

9 (7) A supplemental rate shall not be charged to pay for
10 establishing the public employees' retirement system plan 2 gain-
11 sharing account pursuant to RCW 41.50.075.

12 (8) A supplemental rate shall not be charged to pay for the cost of
13 additional benefits granted to members pursuant to chapter 340, Laws of
14 1998.

15 **Sec. 8.** RCW 41.40.650 and 1989 c 273 s 24 are each amended to read
16 as follows:

17 The required contribution rates to the retirement system for both
18 members and employers shall be established by the director from time to
19 time as may be necessary upon the advice of the state actuary. The
20 state actuary shall use the aggregate actuarial cost method to
21 calculate contribution rates. The employer contribution rate
22 calculated under this section shall be used only for the purpose of
23 determining the amount of employer contributions to be deposited in the
24 plan 2 fund from the total employer contributions collected under RCW
25 41.40.048.

26 Contribution rates required to fund the costs of the retirement
27 system shall always be equal for members and employers, except as
28 herein provided. Effective January 1, 1987, however, no member or
29 employer contributions are required for any calendar month in which the
30 member is not granted service credit. Any adjustments in contribution
31 rates required from time to time for future costs shall likewise be
32 shared equally by the members and employers.

33 Any increase in the contribution rate required as the result of a
34 failure of an employer to make any contribution required by this
35 section shall be borne in full by the employer not making the
36 contribution.

1 The director shall notify all employers of any pending adjustment
2 in the required contribution rate and such increase shall be announced
3 at least thirty days prior to the effective date of the change.

4 Members contributions required by this section shall be deducted
5 from the members compensation earnable each payroll period. The
6 members contribution and the employers contribution shall be remitted
7 directly to the department within fifteen days following the end of the
8 calendar month during which the payroll period ends.

9 The member and employer contribution rates shall not be increased
10 as a result of establishing the public employees' retirement system
11 plan 2 gain-sharing fund pursuant to RCW 41.50.075.

12 NEW SECTION. Sec. 9. Sections 3 and 7 of this act take effect
13 September 1, 2000.

14 NEW SECTION. Sec. 10. Sections 2 and 6 of this act expire
15 September 1, 2000.

16 NEW SECTION. Sec. 11. 1998 c 340 s 10 is repealed effective
17 September 1, 2000."

18 Correct the title.

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