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HOUSE BILL 1585

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State of Washington                      58th Legislature                      2003 Regular Session

By Representatives Simpson, Lovick, Cooper, Cairnes, Conway, Roach, O'Brien, Hinkle, Delvin, Rockefeller and Sullivan

Read first time 01/31/2003. Referred to Committee on Appropriations.

1            AN ACT Relating to the Washington state patrol retirement system,  
2 plan 1; amending RCW 44.44.040, 41.45.050, 41.45.060, 41.45.020, and  
3 44.44.060; reenacting and amending RCW 41.45.070; adding new sections  
4 to chapter 43.43 RCW; creating a new section; and providing an  
5 effective date.

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

7            NEW SECTION.    **Sec. 1.**    INTENT.    It is the intent of this act to:

8            (1) Establish a board of trustees responsible for the adoption of  
9 actuarial standards to be applied to the plan;

10           (2) Direct the board to zealously manage the trust funds for the  
11 benefit of the members and beneficiaries of the plan, including  
12 exercising a preference for enhancing plan benefits rather than  
13 decreasing contribution rates;

14           (3) Exercise fiduciary responsibility in the oversight of those  
15 pension management functions assigned to the board;

16           (4) Provide effective monitoring of the plan by providing an annual  
17 report to the legislature, to the members and beneficiaries of the  
18 plan, and to the public;

1 (5) Establish contribution rates for employees and the state of  
2 Washington that will guaranty viability of the plan, subject to the  
3 limitations provided for in this act;

4 (6) Provide for an annual budget and to pay costs incurred by the  
5 board in performing its functions under this act from the interest  
6 earnings of the trust, as part of the normal cost of the plan; and

7 (7) Enable the board to retain professional and technical advisors  
8 as necessary for the fulfillment of their statutory responsibilities.

9 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this  
10 section apply throughout this act unless the context clearly requires  
11 otherwise.

12 (1) "Member" has the same meaning as that provided in RCW  
13 43.43.120(4) and also includes separated vested members of the plan who  
14 are not currently receiving benefits.

15 (2) "Plan" means the Washington state patrol retirement system plan  
16 1, covering commissioned officers who first became members of the  
17 system prior to January 1, 2003.

18 (3) "Actuary" means the actuary employed by the board of trustees.

19 (4) "State actuary" means the actuary employed under chapter 44.44  
20 RCW.

21 (5) "Board" means the Washington state patrol retirement system  
22 board of trustees.

23 (6) "Board member" means a member of the Washington state patrol  
24 retirement system board of trustees.

25 (7) "Department" means the department of retirement systems.

26 (8) "Minimum benefits" means those benefits provided for in chapter  
27 43.43 RCW as of July 1, 2004.

28 (9) "Enrolled actuary" means an actuary who is enrolled under the  
29 employee retirement income security act of 1974 (Subtitle C of Title  
30 III) and who is a member of the society of actuaries or the American  
31 academy of actuaries.

32 (10) "Increased benefit" means a benefit in addition to the minimum  
33 benefits.

34 (11) "Trust" means the assets of the Washington state patrol  
35 retirement system.

36 (12) "Benefits" means the age or service or combination thereof  
37 required for retirement, the level of service benefits, survivorship

1 benefits, payment options including a deferred retirement option plan,  
2 average final compensation, postretirement cost of living adjustments,  
3 including health care and the elements of compensation. "Benefits"  
4 does not include the classifications of employment eligible to  
5 participate in the plan.

6 (13) "Actuarially sound" means the plan is sufficiently funded to  
7 meet its projected liabilities and to defray the reasonable expenses of  
8 its operation based upon commonly accepted, sound actuarial principles.

9 (14) "Beneficiary" has the same meaning as provided in RCW  
10 43.43.120(7).

11 NEW SECTION. **Sec. 3.** BOARD OF TRUSTEES CREATED--SELECTION OF  
12 TRUSTEES--TERMS OF OFFICE--VACANCIES. (1) An eleven member board of

13 trustees is hereby created. Representation on the board is as follows:

14 (a) Three active members of the Washington state patrol retirement  
15 system plan 1 appointed by the president of the Washington state patrol  
16 troopers association;

17 (b) Two active members of the Washington state patrol retirement  
18 system plan 1 appointed by the chief of the Washington state patrol;

19 (c) Two retired members of the Washington state patrol retirement  
20 system plan 1 with one member appointed by the chief of the Washington  
21 state patrol and one member appointed by the president of the  
22 Washington state patrol troopers association;

23 (d) Two members of the house of representatives, one appointed by  
24 the speaker of the house of representatives and one appointed by the  
25 minority leader of the house of representatives; and

26 (e) Two members of the senate, one appointed by the senate majority  
27 leader and one appointed by the senate minority leader.

28 (2) The initial retirement system board members shall serve terms  
29 of six, four, and two years, respectively. Thereafter, retirement  
30 system board members serve terms of six years. The remaining board  
31 members serve terms of four years. Board members may be reappointed to  
32 succeeding terms without limitation. Board members shall serve until  
33 their successors are appointed and seated.

34 (3) In the event of a vacancy on the board, the vacancy shall be  
35 filled in the same manner as prescribed for an initial appointment.

1            NEW SECTION.    **Sec. 4.**    POWERS OF THE BOARD OF TRUSTEES--MEETING  
2    PROCEDURES--QUORUM--JUDICIAL REVIEW--BUDGET OF THE BOARD OF TRUSTEES.

3    (1) The board of trustees has the following powers and duties and  
4    shall:

5            (a) Adopt actuarial tables, assumptions, and cost methodologies in  
6    consultation with the state actuary. The state actuary shall utilize  
7    the aggregate actuarial cost method, or other recognized actuarial cost  
8    method based on a level percentage of payroll, as that term is employed  
9    by the American academy of actuaries. The board may employ an  
10   independent actuary to evaluate or supplement the state actuary's work  
11   for the board. If the independent actuary and the state actuary  
12   cannot agree, they shall appoint a third, independent, enrolled actuary  
13   who shall review the calculations of the actuary retained by the board  
14   and the state actuary. Thereafter, contributions shall be based on the  
15   methodology most closely following that of the third actuary;

16           (b)(i) Provide for the design and implementation of increased  
17   benefits for members and beneficiaries of the plan, subject to the  
18   contribution limitations under section 6 of this act. An increased  
19   benefit may not be approved by the board until an actuarial cost of the  
20   benefit has been determined by the actuary and contribution rates  
21   adjusted as may be required to maintain the plan on a sound actuarial  
22   basis. Increased benefits as approved by the board shall be presented  
23   to the legislature on January 1st of each year for action during that  
24   legislative session;

25           (ii) As an alternative to the procedure in (b)(i) of this  
26   subsection, recommend to the legislature changes in the benefits for  
27   members and beneficiaries, without regard to the cost limitations in  
28   section 6(3) of this act. Increased benefits as recommended by the  
29   board shall be presented to the legislature on January 1st of each year  
30   for action during that legislative session;

31           (c) Retain professional and technical advisors necessary for the  
32   accomplishment of its duties;

33           (d) Consult with the department for the purpose of improving  
34   benefit administration and member services;

35           (e) Provide an annual report to the governor and the legislature  
36   setting forth the actuarial funding status of the plan and making  
37   recommendations for improvements in those aspects of retirement

1 administration directed by the legislature or administered by the  
2 department;

3 (f) Establish uniform administrative rules and operating policies  
4 in the manner prescribed by law;

5 (g) Engage administrative staff and acquire office space  
6 independent of, or in conjunction with, the department;

7 (h) Publish on an annual basis a schedule of increased benefits  
8 together with a summary of the minimum benefits as established by the  
9 legislature which shall constitute the official plan document; and

10 (i) Be the fiduciary of the plan and discharge the board's duties  
11 solely in the interest of the members and beneficiaries of the plan.

12 (2) Meetings of the board of trustees shall be conducted as  
13 follows:

14 (a) All board meetings are open to the public, preceded by timely  
15 public notice;

16 (b) All actions of the board shall be taken in open public session,  
17 except for those matters which may be considered in executive session  
18 as provided under chapter 42.17 RCW;

19 (c) The board shall retain minutes of each meeting setting forth  
20 the names of those board members present and absent, and their voting  
21 record on any voted issue; and

22 (d) The board may establish, with the assistance of the appropriate  
23 office of state government, an internet web site providing for  
24 interactive communication with state government, members and  
25 beneficiaries of the plan, and the public.

26 (3) A quorum of the board is six board members. All board actions  
27 require six concurring votes.

28 (4) The decisions of the board shall be made in good faith and are  
29 final, binding, and conclusive on all parties. The decisions of the  
30 board shall be subject to judicial review as provided by law.

31 (5) The board shall cause an annual budget to be prepared  
32 consistent with the requirements of chapter 43.88 RCW and shall draw  
33 the funding for the budget from the interest earnings of the trust.  
34 Board members shall be reimbursed for travel and education expenses as  
35 provided in RCW 43.03.050 and 43.03.060. The board shall make an  
36 annual report to the governor, legislature, and state auditor setting  
37 forth a summary of the costs and expenditures of the plan for the  
38 preceding year. The board shall also retain the services of an

1 independent, certified public accountant who shall annually audit the  
2 expenses of the fund and whose report shall be included in the board's  
3 annual report.

4 NEW SECTION. **Sec. 5.** EXPENSE FUND CREATION. (1) A Washington  
5 state patrol retirement system plan 1 expense fund is created within  
6 the Washington state patrol retirement system fund.

7 (2) The state investment board has the full power to invest,  
8 reinvest, manage, contract, sell, or exchange investment money in the  
9 expense fund. All investment and operating costs associated with the  
10 investment of money shall be paid pursuant to RCW 43.33A.160 and  
11 43.84.160. With the exception of these expenses, the earnings from the  
12 investment of the money shall be retained by the Washington state  
13 patrol retirement system fund.

14 (3) All investments made by the state investment board shall be  
15 made with the exercise of that degree of judgment and care pursuant to  
16 RCW 43.33A.140 and the investment policy established by the state  
17 investment board.

18 (4) When appropriate for investment purposes, the state investment  
19 board may commingle money in the expense fund with other funds.

20 (5) The authority to establish all policies relating to the expense  
21 fund, other than the investment policies as set forth in subsections  
22 (1) through (4) of this section, resides with the Washington state  
23 patrol retirement system board of trustees. With the exception of  
24 expenses of the state investment board set forth in subsection (2) of  
25 this section, disbursements from this expense fund may be made only on  
26 the authorization of the Washington state patrol retirement system  
27 board of trustees, and money in the expense fund may be spent only for  
28 the purposes of defraying the expenses of the board as provided in this  
29 section and in section 4 of this act.

30 (6) The state investment board shall routinely consult and  
31 communicate with the Washington state patrol retirement system board on  
32 the investment policy, earnings of the trust, and related needs of the  
33 expense fund.

34 (7) The Washington state patrol retirement system board of trustees  
35 shall administer the expense fund in a manner reasonably designed to be  
36 actuarially sound. The assets of the expense fund must be sufficient  
37 to defray the obligations of the account including the costs of

1 administration. Money used for administrative expenses is subject to  
2 the allotment of all expenditures pursuant to chapter 43.88 RCW.  
3 However, an appropriation is not required for expenditures.  
4 Administrative expenses include, but are not limited to:

5 (a) Any start-up costs incurred in establishing the board;

6 (b) The salaries and expenses of board personnel and staff  
7 including lease payments, travel, and goods and services necessary for  
8 operation of the board;

9 (c) Audits; and

10 (d) Other general costs of conducting the business of the board.

11 (8) The state investment board shall allocate from the Washington  
12 state patrol retirement system expense fund the amount necessary to  
13 cover the expenses of the Washington state patrol retirement system  
14 board of trustees.

15 (9) With regard to the assets of the expense fund, the state acts  
16 in a fiduciary, not ownership, capacity. Therefore the assets of the  
17 expense fund are not considered state money, common cash, or revenue to  
18 the state.

19 NEW SECTION. **Sec. 6.** CONTRIBUTIONS. (1) The board of trustees  
20 shall establish contributions as set forth in this section. The cost  
21 of the minimum benefits as defined in this plan shall be funded as  
22 determined by the board to cover benefits.

23 (2) The minimum benefits shall constitute a contractual obligation  
24 of the state and may not be reduced below the levels in effect on July  
25 1, 2004. The state shall maintain the minimum benefits on a sound  
26 actuarial basis in accordance with the actuarial standards adopted by  
27 the board.

28 (3) Increased benefits created as provided for in section 4 of this  
29 act may be authorized by the board on a basis not to exceed the  
30 contributions provided for in this section.

31 (a) In addition to the contributions necessary to maintain the  
32 minimum benefits, for any increased pension benefits provided for by  
33 the board, the employee contribution shall not exceed fifty percent of  
34 the actuarial cost of the benefit. In no instance shall the employee  
35 cost exceed ten percent of covered payroll without the consent of a  
36 majority of the affected employees. Employer contributions shall not

1 exceed fifty percent of the cost, but in no instance shall the employer  
2 contribution exceed six percent of covered payroll.

3 (b) State contributions may not be increased above the maximum  
4 provided for in this section without the consent of the legislature.  
5 In the event that the cost of maintaining the increased benefits on a  
6 sound actuarial basis exceeds the aggregate contributions provided for  
7 in this section, the board shall submit to the affected members of the  
8 plan the option of paying the increased costs or of having the  
9 increased benefits reduced to a level sufficient to be maintained by  
10 the aggregate contributions. The reduction of benefits in accordance  
11 with this section shall not be deemed a violation of the contractual  
12 rights of the members, provided that no reduction may result in  
13 benefits being lower than the level of the minimum benefits.

14 (4) The board shall manage the trust in a manner that maintains  
15 reasonable contributions and administrative costs. Providing  
16 additional benefits to members and beneficiaries is the board's  
17 priority.

18 **Sec. 7.** RCW 44.44.040 and 1987 c 25 s 3 are each amended to read  
19 as follows:

20 The office of the state actuary shall have the following powers and  
21 duties:

22 (1) Perform all actuarial services for the department of retirement  
23 systems, including all studies required by law. Reimbursement for such  
24 services shall be made to the state actuary pursuant to the provisions  
25 of RCW 39.34.130 as now or hereafter amended.

26 (2) Advise the legislature and the governor regarding pension  
27 benefit provisions, and funding policies and investment policies of the  
28 state investment board.

29 (3) Consult with the legislature and the governor concerning  
30 determination of actuarial assumptions used by the department of  
31 retirement systems.

32 (4) Prepare a report, to be known as the actuarial fiscal note, on  
33 each pension bill introduced in the legislature which briefly explains  
34 the financial impact of the bill. The actuarial fiscal note shall  
35 include: (a) The statutorily required contribution for the biennium  
36 and the following twenty-five years; (b) the biennial cost of the  
37 increased benefits if these exceed the required contribution; and (c)



1 any change in the present value of the unfunded accrued benefits. An  
2 actuarial fiscal note shall also be prepared for all amendments which  
3 are offered in committee or on the floor of the house of  
4 representatives or the senate to any pension bill. However, a majority  
5 of the members present may suspend the requirement for an actuarial  
6 fiscal note for amendments offered on the floor of the house of  
7 representatives or the senate.

8 (5) Provide such actuarial services to the legislature as may be  
9 requested from time to time.

10 (6) Provide staff and assistance to the committee established under  
11 RCW ((~~46.44.050~~)) 44.44.050.

12 (7) Provide actuarial assistance to the Washington state patrol  
13 retirement system board of trustees as provided in sections 4 and 6 of  
14 this act.

15 **Sec. 8.** RCW 41.45.050 and 2002 c 26 s 5 are each amended to read  
16 as follows:

17 (1) Employers of members of the public employees' retirement  
18 system, the teachers' retirement system, the school employees'  
19 retirement system, and the Washington state patrol retirement system  
20 plan 2 shall make contributions to those systems based on the rates  
21 established in RCW 41.45.060((~~41.45.053~~)) and 41.45.070.

22 (2) The state shall make contributions to the law enforcement  
23 officers' and fire fighters' retirement system plan 2 based on the  
24 rates established in RCW 41.45.060((~~41.45.053~~)) and 41.45.070. The  
25 state treasurer shall transfer the required contributions each month on  
26 the basis of salary data provided by the department.

27 (3) The department shall bill employers, and the state shall make  
28 contributions to the law enforcement officers' and fire fighters'  
29 retirement system plan 2, using the combined rates established in RCW  
30 41.45.060((~~41.45.053~~)) and 41.45.070 regardless of the level of  
31 appropriation provided in the biennial budget. Any member of an  
32 affected retirement system may, by mandamus or other appropriate  
33 proceeding, require the transfer and payment of funds as directed in  
34 this section.

35 (4) The contributions received for the public employees' retirement  
36 system shall be allocated between the public employees' retirement  
37 system plan 1 fund and the public employees' retirement system combined

1 plan 2 and plan 3 fund as follows: The contributions necessary to  
2 fully fund the public employees' retirement system combined plan 2 and  
3 plan 3 employer contribution shall first be deposited in the public  
4 employees' retirement system combined plan 2 and plan 3 fund. All  
5 remaining public employees' retirement system employer contributions  
6 shall be deposited in the public employees' retirement system plan 1  
7 fund.

8 (5) The contributions received for the teachers' retirement system  
9 shall be allocated between the plan 1 fund and the combined plan 2 and  
10 plan 3 fund as follows: The contributions necessary to fully fund the  
11 combined plan 2 and plan 3 employer contribution shall first be  
12 deposited in the combined plan 2 and plan 3 fund. All remaining  
13 teachers' retirement system employer contributions shall be deposited  
14 in the plan 1 fund.

15 (6) The contributions received for the school employees' retirement  
16 system shall be allocated between the public employees' retirement  
17 system plan 1 fund and the school employees' retirement system combined  
18 plan 2 and plan 3 fund as follows: The contributions necessary to  
19 fully fund the combined plan 2 and plan 3 employer contribution shall  
20 first be deposited in the combined plan 2 and plan 3 fund. All  
21 remaining school employees' retirement system employer contributions  
22 shall be deposited in the public employees' retirement system plan 1  
23 fund.

24 (7) The contributions received for the law enforcement officers'  
25 and fire fighters' retirement system plan 2 shall be deposited in the  
26 law enforcement officers' and fire fighters' retirement system plan 2  
27 fund.

28 **Sec. 9.** RCW 41.45.060 and 2002 c 26 s 2 are each amended to read  
29 as follows:

30 (1) The state actuary shall provide actuarial valuation results  
31 based on the economic assumptions and asset value smoothing technique  
32 included in RCW 41.45.035 or adopted by the council under RCW 41.45.030  
33 or 41.45.035.

34 (2) Not later than September 30, 2002, and every two years  
35 thereafter, consistent with the economic assumptions and asset value  
36 smoothing technique included in RCW 41.45.035 or adopted under RCW

1 41.45.030 or 41.45.035, the council shall adopt and may make changes  
2 to:

3 (a) A basic state contribution rate for the law enforcement  
4 officers' and fire fighters' retirement system;

5 (b) Basic employer contribution rates for the public employees'  
6 retirement system, the teachers' retirement system, and the Washington  
7 state patrol retirement system plan 2 to be used in the ensuing  
8 biennial period; and

9 (c) A basic employer contribution rate for the school employees'  
10 retirement system for funding both that system and the public  
11 employees' retirement system plan 1.

12 The contribution rates adopted by the council shall be subject to  
13 revision by the legislature.

14 (3) The employer and state contribution rates adopted by the  
15 council shall be the level percentages of pay that are needed:

16 (a) To fully amortize the total costs of the public employees'  
17 retirement system plan 1, the teachers' retirement system plan 1, and  
18 the law enforcement officers' and fire fighters' retirement system plan  
19 1 not later than June 30, 2024, except as provided in subsection  
20 ~~((+5))~~ (6) of this section;

21 (b) To also continue to fully fund the public employees' retirement  
22 system plans 2 and 3, the teachers' retirement system plans 2 and 3,  
23 the school employees' retirement system plans 2 and 3, and the law  
24 enforcement officers' and fire fighters' retirement system plan 2 in  
25 accordance with RCW 41.45.061, 41.45.067, and this section; and

26 (c) For the law enforcement officers' and fire fighters' system  
27 plan 2 the rate charged to employers, except as provided in RCW  
28 41.26.450, shall be thirty percent of the cost of the retirement system  
29 and the rate charged to the state shall be twenty percent of the cost  
30 of the retirement system.

31 (4) The aggregate actuarial cost method shall be used to calculate  
32 a combined plan 2 and 3 employer contribution rate and a Washington  
33 state patrol retirement system plan 2 contribution rate.

34 (5) The Washington state patrol retirement system board of trustees  
35 shall adopt contribution rates for the Washington state patrol  
36 retirement system plan 1 as provided in sections 4 and 6 of this act.

37 (6) The council and the Washington state patrol retirement system  
38 board of trustees shall immediately notify the directors of the office

1 of financial management and department of retirement systems of the  
2 state and employer contribution rates adopted. The rates shall be  
3 effective for the ensuing biennial period, subject to any legislative  
4 modifications.

5 ~~((6))~~ (7) The director ~~((of the department of retirement systems  
6 shall collect the rates established in RCW 41.45.053 through June 30,  
7 2003. Thereafter, the director))~~ shall collect those rates adopted by  
8 the council or the Washington state patrol retirement system board of  
9 trustees. The rates established ~~((in RCW 41.45.053, or))~~ by the  
10 council~~((r))~~ shall be subject to revision by the council.

11 **Sec. 10.** RCW 41.45.070 and 2001 2nd sp.s. c 11 s 16 and 2001 2nd  
12 sp.s. c 11 s 15 are each reenacted and amended to read as follows:

13 (1) In addition to the basic employer contribution rate established  
14 in RCW 41.45.060 or ~~((41.45.053))~~ section 4 or 6 of this act, the  
15 department shall also charge employers of public employees' retirement  
16 system, teachers' retirement system, school employees' retirement  
17 system, or Washington state patrol retirement system members an  
18 additional supplemental rate to pay for the cost of additional  
19 benefits, if any, granted to members of those systems. Except as  
20 provided in subsections (6) and (7) of this section or section 4 of  
21 this act, the supplemental contribution rates required by this section  
22 shall be calculated by the state actuary and shall be charged  
23 regardless of language to the contrary contained in the statute which  
24 authorizes additional benefits.

25 (2) In addition to the basic state contribution rate established in  
26 RCW 41.45.060 ~~((or 41.45.053))~~ for the law enforcement officers' and  
27 fire fighters' retirement system plan 2, the department shall also  
28 establish a supplemental rate to pay for the cost of additional  
29 benefits, if any, granted to members of the law enforcement officers'  
30 and fire fighters' retirement system plan 2. Except as provided in  
31 subsection (6) of this section, this supplemental rate shall be  
32 calculated by the state actuary and the state treasurer shall transfer  
33 the additional required contributions regardless of language to the  
34 contrary contained in the statute which authorizes the additional  
35 benefits.

36 (3) The supplemental rate charged under this section to fund  
37 benefit increases provided to active members of the public employees'

1 retirement system plan 1, the teachers' retirement system plan 1, and  
2 Washington state patrol retirement system plan 1, shall be calculated  
3 as the level percentage of all members' pay needed to fund the cost of  
4 the benefit not later than June 30, 2024.

5 (4) The supplemental rate charged under this section to fund  
6 benefit increases provided to active and retired members of the public  
7 employees' retirement system plan 2 and plan 3, the teachers'  
8 retirement system plan 2 and plan 3, the school employees' retirement  
9 system plan 2 and plan 3, or the law enforcement officers' and fire  
10 fighters' retirement system plan 2, shall be calculated as the level  
11 percentage of all members' pay needed to fund the cost of the benefit,  
12 as calculated under RCW 41.45.060, 41.45.061, or 41.45.067.

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

23 (6) A supplemental rate shall not be charged to pay for the cost of  
24 additional benefits granted to members pursuant to chapter 340, Laws of  
25 1998.

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

30 **Sec. 11.** RCW 41.45.020 and 2002 c 26 s 4 are each amended to read  
31 as follows:

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

34 (1) "Council" means the pension funding council created in RCW  
35 41.45.100.

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

1 (3) "Law enforcement officers' and fire fighters' retirement system  
2 plan 1" and "law enforcement officers' and fire fighters' retirement  
3 system plan 2" means the benefits and funding provisions under chapter  
4 41.26 RCW.

5 (4) "Public employees' retirement system plan 1," "public  
6 employees' retirement system plan 2," and "public employees' retirement  
7 system plan 3" mean the benefits and funding provisions under chapter  
8 41.40 RCW.

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

12 (6) "School employees' retirement system plan 2" and "school  
13 employees' retirement system plan 3" mean the benefits and funding  
14 provisions under chapter 41.35 RCW.

15 (7) "Washington state patrol retirement system plan 1" means the  
16 retirement benefits provided under chapter 43.43 RCW to persons who  
17 first established membership in that system prior to January 1, 2003.

18 (8) "Unfunded liability" means the unfunded actuarial accrued  
19 liability of a retirement system.

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

22 (10) "State retirement systems" means the retirement systems listed  
23 in RCW 41.50.030.

24 (11) "Classified employee" means a member of the Washington school  
25 employees' retirement system plan 2 or plan 3 as defined in RCW  
26 41.35.010.

27 (12) "Teacher" means a member of the teachers' retirement system as  
28 defined in RCW 41.32.010(15).

29 (13) "Washington state patrol retirement system plan 2" means the  
30 retirement benefits provided under chapter 43.43 RCW to persons who  
31 first established membership in that system on or after January 1,  
32 2003.

33 **Sec. 12.** RCW 44.44.060 and 1987 c 25 s 5 are each amended to read  
34 as follows:

35 The joint committee on pension policy shall have the following  
36 powers and duties:

1 (1) Study pension issues, develop pension policies for public  
2 employees in state retirement systems other than members of the  
3 Washington state patrol retirement system plan 1, and make  
4 recommendations to the legislature;

5 (2) Study the financial condition of the state pension systems,  
6 develop funding policies, and make recommendations to the legislature;  
7 and

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

10 NEW SECTION. Sec. 13. NONAPPLICABILITY OF JOINT COMMITTEE ON  
11 PENSION POLICY AND PENSION FUNDING COUNCIL. The joint committee on  
12 pension policy established in RCW 44.44.050, and the pension funding  
13 council created in RCW 41.45.100, shall have no applicability or  
14 authority over matters relating to this plan.

15 NEW SECTION. Sec. 14. ASSET MANAGEMENT. Assets of the plan shall  
16 be managed by the state investment board as provided by law.

17 NEW SECTION. Sec. 15. SEVERABILITY. If any provision of this act  
18 or its application to any person or circumstance is held invalid, the  
19 remainder of the act or the application of the provision to other  
20 persons or circumstances is not affected.

21 NEW SECTION. Sec. 16. CAPTIONS NOT LAW. Captions used in this  
22 act are not any part of the law.

23 NEW SECTION. Sec. 17. CODIFICATION. Sections 1 through 5 and 13  
24 through 16 of this act are each added to chapter 43.43 RCW and shall be  
25 codified after RCW 43.43.120.

26 NEW SECTION. Sec. 18. EFFECTIVE DATE. This act takes effect July  
27 1, 2004.

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