
HOUSE BILL 2683

State of Washington 59th Legislature 2006 Regular Session

By Representatives Fromhold, Conway, Lovick, Quall, Simpson, Ormsby and Moeller; by request of Select Committee on Pension Policy

Read first time 01/12/2006. Referred to Committee on Appropriations.

1 AN ACT Relating to payment of the unfunded actuarial accrued
2 liability in plan 1 of the public employees' retirement system and plan
3 1 of the teachers' retirement system; adding a new section to chapter
4 41.45 RCW; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.45 RCW
7 to read as follows:

8 (1) It is the intent of the legislature to provide for the
9 systematic payment of the plan 1 unfunded actuarial accrued liability
10 in a manner that promotes contribution rate adequacy and stability for
11 the affected systems. This change in funding policy requires a three-
12 year phase-in of contribution rates beginning in 2006. The phase-in
13 rates for the plan 1 unfunded actuarial accrued liability are in
14 addition to the phase-in rates established pursuant to RCW 41.45.062.

15 (2) Beginning July 1, 2006, a 0.87 percent contribution is
16 established as part of the basic state and employer contribution rate
17 for the public employees' retirement system and the public safety
18 employees' retirement system, to be used for the sole purpose of

1 amortizing the unfunded actuarial accrued liability in the public
2 employees' retirement system plan 1.

3 (3) Beginning September 1, 2006, a 0.87 percent contribution is
4 established as part of the basic state and employer contribution rate
5 for the school employees' retirement system, to be used for the sole
6 purpose of amortizing the unfunded actuarial accrued liability in the
7 public employees' retirement system plan 1.

8 (4) Beginning September 1, 2006, a 1.29 percent contribution is
9 established as part of the basic state and employer contribution rate
10 for the teachers' retirement system, to be used for the sole purpose of
11 amortizing the unfunded actuarial accrued liability in the teachers'
12 retirement system plan 1.

13 (5) Upon completion of the 2005 actuarial valuation, the pension
14 funding council and the state actuary shall review the contribution
15 rates for the plan 1 unfunded actuarial accrued liability for 2007-2008
16 and 2008-2009 and by September 30, 2006, the pension funding council
17 shall adopt contribution rates to complete the three-year phase-in
18 schedule, adjusted for any material changes in benefits or actuarial
19 assumptions, methods, and experience. The expected present value of
20 projected contributions during the three-year phase-in period shall be
21 the same as the expected present value of projected contributions that
22 would have been collected without the phase-in, as determined by the
23 state actuary and adjusted for any material changes in benefits or
24 actuarial assumptions, methods, or experience.

25 NEW SECTION. **Sec. 2.** This act takes effect July 1, 2006.

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