
HOUSE BILL 2909

State of Washington

59th Legislature

2006 Regular Session

By Representatives Bailey, Alexander, Crouse, Clements, Ahern, Strow, Haler, Nixon, Skinner, Holmquist, McCune, Hinkle and Newhouse

Read first time 01/16/2006. 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 and incorporate both the required rates to fund the plan 1 unfunded
16 actuarial accrued liability recommended by the pension funding council
17 for payment during the 2003-05 and 2005-07 fiscal biennia, and the
18 projected payments for the 2007-09 biennium.

1 (2) Beginning July 1, 2006, a 1.55 percent contribution is
2 established as part of the basic state and employer contribution rate
3 for the public employees' retirement system and the public safety
4 employees' retirement system, to be used for the sole purpose of
5 amortizing the unfunded actuarial accrued liability in the public
6 employees' retirement system plan 1.

7 (3) Beginning September 1, 2006, a 1.55 percent contribution is
8 established as part of the basic state and employer contribution rate
9 for the school employees' retirement system, to be used for the sole
10 purpose of amortizing the unfunded actuarial accrued liability in the
11 public employees' retirement system plan 1.

12 (4) Beginning September 1, 2006, a 2.07 percent contribution is
13 established as part of the basic state and employer contribution rate
14 for the teachers' retirement system, to be used for the sole purpose of
15 amortizing the unfunded actuarial accrued liability in the teachers'
16 retirement system plan 1.

17 (5) Upon completion of the 2005 actuarial valuation, the pension
18 funding council and the state actuary shall review the contribution
19 rates for the plan 1 unfunded actuarial accrued liability for 2007-2008
20 and 2008-2009 and by September 30, 2006, the pension funding council
21 shall adopt contribution rates to complete the three-year phase-in
22 schedule, adjusted for any material changes in benefits or actuarial
23 assumptions, methods, and experience. The expected present value of
24 projected contributions during the three-year phase-in period shall be
25 the same as the expected present value of projected contributions that
26 would have been collected without the phase-in, including the pension
27 funding council-recommended value of contributions for the 2003-05 and
28 2005-07 fiscal biennia, as determined by the state actuary and adjusted
29 for any material changes in benefits or actuarial assumptions, methods,
30 or experience.

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

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