

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2681

59th Legislature
2006 Regular Session

Passed by the House February 11, 2006
Yeas 97 Nays 0

Speaker of the House of Representatives

Passed by the Senate March 3, 2006
Yeas 45 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2681** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

HOUSE BILL 2681

Passed Legislature - 2006 Regular Session

State of Washington

59th Legislature

2006 Regular Session

By Representatives Conway, Fromhold, Lovick, Green, Sells, Kenney, Quall, Simpson, Moeller and Morrell; by request of Select Committee on Pension Policy

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

1 AN ACT Relating to minimum contribution rates for the public
2 employees' retirement system, the public safety employees' retirement
3 system, the school employees' retirement system, and the teachers'
4 retirement system; reenacting and amending RCW 41.45.020; adding new
5 sections to chapter 41.45 RCW; and providing an effective date.

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

7 **Sec. 1.** RCW 41.45.020 and 2004 c 242 s 37 and 2004 c 93 s 1 are
8 each reenacted and amended to read as follows:

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

11 (1) "Council" means the pension funding council created in RCW
12 41.45.100.

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

14 (3) "Law enforcement officers' and fire fighters' retirement system
15 plan 1" and "law enforcement officers' and fire fighters' retirement
16 system plan 2" means the benefits and funding provisions under chapter
17 41.26 RCW.

18 (4) "Public employees' retirement system plan 1," "public

1 employees' retirement system plan 2," and "public employees' retirement
2 system plan 3" mean the benefits and funding provisions under chapter
3 41.40 RCW.

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

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

10 (7) "Washington state patrol retirement system" means the
11 retirement benefits provided under chapter 43.43 RCW.

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

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

16 (10) "State retirement systems" means the retirement systems listed
17 in RCW 41.50.030.

18 (11) "Classified employee" means a member of the Washington school
19 employees' retirement system plan 2 or plan 3 as defined in RCW
20 41.35.010.

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

23 (13) "Select committee" means the select committee on pension
24 policy created in RCW 41.04.276.

25 (14) "Actuarial value of assets" means the value of pension plan
26 investments and other property used by the actuary for the purpose of
27 an actuarial valuation.

28 (15) "Public safety employees' retirement system plan 2" means the
29 benefits and funding provisions established under chapter 41.37 RCW.

30 (16) "Normal cost" means the portion of the actuarial present value
31 of projected benefits and expenses that is allocated to a period,
32 typically twelve months, under the actuarial cost method.

33 NEW SECTION. Sec. 2. A new section is added to chapter 41.45 RCW
34 to read as follows:

35 (1) Beginning July 1, 2009, a minimum 2.68 percent contribution is
36 established as part of the basic state and employer contribution rate
37 for the public employees' retirement system and the public safety

1 employees' retirement system, to be used for the sole purpose of
2 amortizing the unfunded actuarial accrued liability in the public
3 employees' retirement system plan 1. This minimum contribution rate
4 shall remain effective until the actuarial value of assets in plan 1 of
5 the public employees' retirement system equals one hundred twenty-five
6 percent of the actuarial accrued liability or June 30, 2024, whichever
7 comes first.

8 (2) Beginning September 1, 2009, a minimum 2.68 percent
9 contribution is established as part of the basic state and employer
10 contribution rate for the school employees' retirement system, to be
11 used for the sole purpose of amortizing the unfunded actuarial accrued
12 liability in the public employees' retirement system plan 1. This
13 minimum contribution rate shall remain effective until the actuarial
14 value of assets in plan 1 of the public employees' retirement system
15 equals one hundred twenty-five percent of the actuarial accrued
16 liability or June 30, 2024, whichever comes first.

17 (3) Beginning September 1, 2009, a minimum 4.71 percent
18 contribution is established as part of the basic state and employer
19 contribution rate for the teachers' retirement system, to be used for
20 the sole purpose of amortizing the unfunded actuarial accrued liability
21 in the teachers' retirement system plan 1. This minimum contribution
22 rate shall remain effective until the actuarial value of assets in plan
23 1 of the teachers' retirement system equals one hundred twenty-five
24 percent of the actuarial accrued liability or June 30, 2024, whichever
25 comes first.

26 (4) Upon completion of each biennial actuarial valuation, the state
27 actuary shall review the appropriateness of these minimum contribution
28 rates and recommend to the legislature any adjustments as may be needed
29 due to material changes in benefits or actuarial assumptions, methods,
30 or experience.

31 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.45 RCW
32 to read as follows:

33 (1) Beginning July 1, 2009, a minimum contribution rate is
34 established for the plans 2 and 3 normal cost as part of the basic
35 state and employer contribution rate for the public employees'
36 retirement system. The minimum contribution rate for the plans 2 and

1 3 employer normal cost shall equal the total contribution rate required
2 to fund eighty percent of the plans 2 and 3 employer normal cost as
3 calculated under the entry age normal cost method.

4 (2) Beginning September 1, 2009, a minimum contribution rate is
5 established for the plans 2 and 3 normal cost as part of the basic
6 state and employer contribution rate for the school employees'
7 retirement system. The minimum contribution rate for the plans 2 and
8 3 employer normal cost shall equal the total contribution rate required
9 to fund eighty percent of the plans 2 and 3 employer normal cost as
10 calculated under the entry age normal cost method.

11 (3) Beginning September 1, 2009, a minimum contribution rate is
12 established for the plans 2 and 3 normal cost as part of the basic
13 state and employer contribution rate for the teachers' retirement
14 system. The minimum contribution rate for the plans 2 and 3 employer
15 normal cost shall equal the total contribution rate required to fund
16 eighty percent of the plans 2 and 3 employer normal cost as calculated
17 under the entry age normal cost method.

18 (4) Upon completion of each biennial actuarial valuation, the state
19 actuary shall review the appropriateness of these minimum contribution
20 rates and recommend to the legislature any adjustments as may be needed
21 due to material changes in benefits or actuarial assumptions, methods,
22 or experience.

23 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.45 RCW
24 to read as follows:

25 (1) Beginning July 1, 2009, a minimum contribution rate is
26 established for the plans 2 and 3 normal cost as part of the required
27 contribution rate for members of plan 2 of the public employees'
28 retirement system. The minimum contribution rate for the plans 2 and
29 3 employee normal cost shall equal the total contribution rate required
30 to fund eighty percent of the plans 2 and 3 employee normal cost as
31 calculated under the entry age normal cost method.

32 (2) Beginning September 1, 2009, a minimum contribution rate is
33 established for the plans 2 and 3 normal cost as part of the required
34 contribution rate for members of plan 2 of the school employees'
35 retirement system. The minimum contribution rate for the plans 2 and
36 3 employee normal cost shall equal the total contribution rate required

1 to fund eighty percent of the plans 2 and 3 employee normal cost as
2 calculated under the entry age normal cost method.

3 (3) Beginning September 1, 2009, a minimum contribution rate is
4 established for the plans 2 and 3 normal cost as part of the required
5 contribution rate for members of plan 2 of the teachers' retirement
6 system. The minimum contribution rate for the plans 2 and 3 employee
7 normal cost shall equal the total contribution rate required to fund
8 eighty percent of the plans 2 and 3 employee normal cost as calculated
9 under the entry age normal cost method.

10 (4) Upon completion of each biennial actuarial valuation, the state
11 actuary shall review the appropriateness of these minimum contribution
12 rates and recommend to the legislature any adjustments as may be needed
13 due to material changes in benefits or actuarial assumptions, methods,
14 or experience.

15 NEW SECTION. **Sec. 5.** This act takes effect July 1, 2009.

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