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SENATE BILL 6085

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State of Washington

59th Legislature

2005 Regular Session

By Senators Hewitt and Honeyford

Read first time . Referred to .

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 new sections to chapter  
4 41.45 RCW; creating a new section; providing effective dates; and  
5 declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** The legislature recognizes that returns on  
8 the investment of retirement plan assets are volatile, and market  
9 volatility is reflected in variations in the funded status of the state  
10 retirement plans over time. The legislature also recognizes that the  
11 long-term liability in the plans 1 of the public employees' retirement  
12 system and the teachers' retirement system remains independent from  
13 short-term investment returns in the market. The legislature seeks to  
14 avoid contribution rate volatility that may unfairly benefit or burden  
15 particular groups of taxpayers with disproportionate responsibilities  
16 for retiring the unfunded liability in the plans 1. Therefore, it is  
17 the intent of the legislature to provide for the systematic payment of  
18 the plans 1 unfunded liability in a manner that promotes contribution  
19 rate adequacy and stability for the affected systems over time.

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

3        (1) There shall be no suspension of those portions of the basic  
4 state and employer contribution rates that are necessary to pay for the  
5 unfunded actuarial accrued liability for plan 1 of the public  
6 employees' retirement system for the following periods: From July 1,  
7 2005, through June 30, 2009, for the public employees' retirement  
8 system; from July 1, 2006, through June 30, 2009, for the public safety  
9 employees' retirement system; and from September 1, 2005, through  
10 August 31, 2009, for the school employees' retirement system.

11        (2) There shall be no suspension of those portions of the basic  
12 state and employer contribution rates that are necessary to pay for the  
13 unfunded actuarial accrued liability for plan 1 of the teachers'  
14 retirement system for the period beginning September 1, 2005, and  
15 ending August 31, 2009.

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

18        (1) Beginning July 1, 2009, a minimum 2.75 percent contribution is  
19 established as part of the basic state and employer contribution rate  
20 for the public employees' retirement system, to be used for the sole  
21 purpose of amortizing the unfunded actuarial accrued liability in the  
22 public employees' retirement system plan 1. This minimum contribution  
23 rate shall remain effective until the actuarial value of assets equals  
24 one hundred twenty-five percent of the actuarial accrued liability or  
25 June 30, 2024, whichever comes first.

26        (2) Beginning July 1, 2009, a minimum 2.75 percent contribution is  
27 established as part of the basic state and employer contribution rate  
28 for the public safety employees' retirement system, to be used for the  
29 sole purpose of amortizing the unfunded actuarial accrued liability in  
30 the public employees' retirement system plan 1. This minimum  
31 contribution rate shall remain effective until the actuarial value of  
32 assets equals one hundred twenty-five percent of the actuarial accrued  
33 liability for the public employees' retirement system plan 1 or June  
34 30, 2024, whichever comes first.

35        (3) Beginning September 1, 2009, a minimum 2.75 percent  
36 contribution is established as part of the basic state and employer  
37 contribution rate for the school employees' retirement system, to be

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

7 (4) Beginning September 1, 2009, a minimum 5.75 percent  
8 contribution is established as part of the basic state and employer  
9 contribution rate for the teachers' retirement system, to be used for  
10 the sole purpose of amortizing the unfunded actuarial accrued liability  
11 in the teachers' retirement system plan 1. This minimum contribution  
12 rate shall remain effective until the actuarial value of assets equals  
13 one hundred twenty-five percent of the actuarial accrued liability for  
14 the teachers' retirement system plan 1 or June 30, 2024, whichever  
15 comes first.

16 (5) The minimum contribution rates for amortizing the unfunded  
17 liability in the plans 1 may exceed, but shall not drop below those  
18 specified in this section. Upon completion of each biennial actuarial  
19 valuation, the state actuary shall review the appropriateness of the  
20 minimum contribution rates and recommend to the legislature any  
21 adjustments as may be needed due to material changes in benefits or  
22 actuarial assumptions, methods, or experience.

23 NEW SECTION. **Sec. 4.** Sections 1 and 2 of this act are necessary  
24 for the immediate preservation of the public peace, health, or safety,  
25 or support of the state government and its existing public  
26 institutions, and take effect July 1, 2005.

27 NEW SECTION. **Sec. 5.** Section 3 of this act takes effect July 1,  
28 2009.

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