
HOUSE BILL 2871

State of Washington 61st Legislature 2010 Regular Session

By Representatives Bailey, Anderson, Crouse, and Alexander

Read first time 01/15/10. Referred to Committee on Ways & Means.

1 AN ACT Relating to the method of funding benefit increases for
2 state retirement plans that are less than fully funded; and amending
3 RCW 41.45.070.

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

5 **Sec. 1.** RCW 41.45.070 and 2009 c 561 s 4 are each amended to read
6 as follows:

7 (1) In addition to the basic employer contribution rate established
8 in RCW 41.45.060 (~~or 41.45.054~~), the department shall also charge
9 employers of public employees' retirement system, teachers' retirement
10 system, school employees' retirement system, public safety employees'
11 retirement system, or Washington state patrol retirement system members
12 an additional supplemental rate to pay for the cost of additional
13 benefits, if any, granted to members of those systems. (~~Except as~~
14 ~~provided in subsections (6), (7), and (9) of this section,~~) The
15 supplemental contribution rates required by this section shall be
16 calculated by the state actuary and shall be charged regardless of
17 language to the contrary contained in the statute which authorizes
18 additional benefits.

1 (2) If the ratio of the actuarial value of assets to the actuarial
2 accrued liability as of the most recent published actuarial rate-
3 setting valuation is less than or equal to eighty-five percent, then
4 the supplemental rate charged under subsections (3) through (6) of this
5 section shall be calculated as the level percentage of pay needed to
6 fund the cost of the benefit over a fixed one-year period.

7 (3) In addition to the basic member, employer, and state
8 contribution rate established in RCW 41.45.0604 for the law enforcement
9 officers' and firefighters' retirement system plan 2, the department
10 shall also establish supplemental rates to pay for the cost of
11 additional benefits, if any, granted to members of the law enforcement
12 officers' and firefighters' retirement system plan 2. (~~Except as~~
13 ~~provided in subsection (6) of this section,~~) These supplemental rates
14 shall be calculated by the actuary retained by the law enforcement
15 officers' and firefighters' board and the state actuary through the
16 process provided in RCW 41.26.720(1)(a) and the state treasurer shall
17 transfer the additional required contributions regardless of language
18 to the contrary contained in the statute which authorizes the
19 additional benefits.

20 (~~(3)~~) (4) Except as provided in subsection (2) of this section,
21 beginning July 1, 2009, the supplemental rate charged under this
22 section to fund benefit increases provided to active members of the
23 public employees' retirement system plan 1 and the teachers' retirement
24 system plan 1 shall be calculated as the level percentage of all system
25 pay needed to fund the cost of the benefit over a fixed ten-year
26 period, using projected future salary growth and growth in system
27 membership. The supplemental rate to fund benefit increases provided
28 to active members of the public employees' retirement system plan 1
29 shall be charged to all system employers in the public employees'
30 retirement system, the school employees' retirement system, and the
31 public safety employees' retirement system. The supplemental rate to
32 fund benefit increases provided to active members of the teachers'
33 retirement system plan 1 shall be charged to all system employers in
34 the teachers' retirement system.

35 (~~(4)~~) (5) Except as provided in subsection (2) of this section,
36 the supplemental rate charged under this section to fund benefit
37 increases provided to active and retired members of the public
38 employees' retirement system plan 2 and plan 3, the teachers'

1 retirement system plan 2 and plan 3, the public safety employees'
2 retirement system plan 2, the school employees' retirement system plan
3 2 and plan 3, or the Washington state patrol retirement system shall be
4 calculated as the level percentage of all members' pay needed to fund
5 the cost of the benefit, as calculated under RCW 41.45.060, 41.45.061,
6 41.45.0631, or 41.45.067.

7 ~~((+5))~~ (6) The supplemental rate charged under this section to
8 fund postretirement adjustments which are provided on a nonautomatic
9 basis to current retirees shall be calculated as the percentage of pay
10 needed to fund the adjustments as they are paid to the retirees.
11 Beginning July 1, 2009, the supplemental rate charged under this
12 section to fund increases in the automatic postretirement adjustments
13 for active or retired members of the public employees' retirement
14 system plan 1 and the teachers' retirement system plan 1 shall be
15 calculated as the level percentage of pay needed to fund the cost of
16 the automatic adjustments over a fixed ten-year period, using projected
17 future salary growth and growth in system membership. The supplemental
18 rate to fund increases in the automatic postretirement adjustments for
19 active members or retired members of the public employees' retirement
20 system plan 1 shall be charged to all system employers in the public
21 employees' retirement system, the school employees' retirement system,
22 and the public safety employees' retirement system. The supplemental
23 rate to fund increases in automatic postretirement adjustments for
24 active members or retired members of the teachers' retirement system
25 plan 1 shall be charged to all system employers in the teachers'
26 retirement system.

27 ~~((+6) A supplemental rate shall not be charged to pay for the cost
28 of additional benefits granted to members pursuant to chapter 340, Laws
29 of 1998.~~

30 ~~(7) A supplemental rate shall not be charged to pay for the cost of
31 additional benefits granted to members pursuant to chapter 41.31A RCW;
32 section 309, chapter 341, Laws of 1998; or section 701, chapter 341,
33 Laws of 1998.~~

34 ~~(8) A supplemental rate shall not be charged to pay for the cost of
35 additional benefits granted to members and survivors pursuant to
36 chapter 94, Laws of 2006.~~

37 ~~(9) A supplemental rate shall not be charged to pay for the cost of
38 the additional benefits granted to members of the teachers' retirement~~

1 ~~system and the school employees' retirement system plans 2 and 3 in~~
2 ~~sections 2, 4, 6, and 8, chapter 491, Laws of 2007 until September 1,~~
3 ~~2008. A supplemental rate shall not be charged to pay for the cost of~~
4 ~~the additional benefits granted to members of the public employees'~~
5 ~~retirement system plans 2 and 3 under sections 9 and 10, chapter 491,~~
6 ~~Laws of 2007 until July 1, 2008.))~~

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