
SENATE BILL 5310

State of Washington

61st Legislature

2009 Regular Session

By Senators Schoesler, Hobbs, Holmquist, and Fraser; by request of
Select Committee on Pension Policy

Read first time 01/20/09. Referred to Committee on Ways & Means.

1 AN ACT Relating to the state actuary's recommendations for
2 assumptions used in the actuarial funding of the state retirement
3 systems; and amending RCW 41.45.030 and 41.45.090.

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

5 **Sec. 1.** RCW 41.45.030 and 2007 c 280 s 1 are each amended to read
6 as follows:

7 (1) Beginning September 1, 2007, and every two years thereafter,
8 the state actuary shall submit to the council information regarding the
9 experience and financial condition of each state retirement system, and
10 make recommendations regarding the long-term economic assumptions set
11 forth in RCW 41.45.035. When making recommendations regarding the
12 general salary increase assumption, the state actuary may also consider
13 the demographic components of total salary growth and make
14 recommendations to the council concerning any changes to the
15 demographic assumptions within total salary growth. The council shall
16 review this and such other information as it may require.

17 (2) By October 31, 2007, and every two years thereafter, the
18 council, by affirmative vote of four councilmembers, may adopt changes

1 to the long-term economic assumptions established in RCW 41.45.035.
2 Any changes adopted by the council shall be subject to revision by the
3 legislature.

4 The council shall consult with the economic and revenue forecast
5 supervisor and the executive director of the state investment board,
6 and shall consider long-term historical averages, in reviewing possible
7 changes to the economic assumptions.

8 (3) The assumptions and the asset value smoothing technique
9 established in RCW 41.45.035, as modified in the future by the council
10 or legislature, shall be used by the state actuary in conducting all
11 actuarial studies of the state retirement systems, including actuarial
12 fiscal notes under RCW 44.44.040. The assumptions shall also be used
13 for the administration of benefits under the retirement plans listed in
14 RCW 41.45.020, pursuant to timelines and conditions established by
15 department rules.

16 **Sec. 2.** RCW 41.45.090 and 2003 c 295 s 9 are each amended to read
17 as follows:

18 (1) The department shall collect and keep in convenient form such
19 data as shall be necessary for an actuarial valuation of the assets and
20 liabilities of the state retirement systems, and for making an
21 actuarial investigation into the mortality, service, compensation, and
22 other experience of the members and beneficiaries of those systems.
23 The department and state actuary shall enter into a memorandum of
24 understanding regarding the specific data the department will collect,
25 when it will be collected, and how it will be maintained. The
26 department shall notify the state actuary of any changes it makes, or
27 intends to make, in the collection and maintenance of such data.

28 (2) At least once in each six-year period, the state actuary shall
29 conduct an actuarial experience study of the mortality, service,
30 compensation, and other experience of the members and beneficiaries of
31 each state retirement system(~~(, and into the financial condition of~~
32 ~~each system)~~). The state actuary shall make recommendations to the
33 council regarding the long-term demographic assumptions for the state
34 retirement systems. Concurrently, when considering the demographic
35 components of total salary growth, the state actuary may also study the
36 general salary increase assumption and make recommendations to the
37 council regarding any change to the noninflationary component of that

1 economic assumption. The council shall review the experience study
2 results, the recommendations of the state actuary, and other
3 information as it may require.

4 The results of each investigation shall be filed with the
5 department, the office of financial management, the budget writing
6 committees of the Washington house of representatives and senate, the
7 select committee on pension policy, and the pension funding council.
8 Upon the basis of such actuarial investigation the department shall
9 adopt such tables, schedules, factors, and regulations as are deemed
10 necessary in the light of the findings of the actuary for the proper
11 operation of the state retirement systems.

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