

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6161

Chapter 561, Laws of 2009

61st Legislature
2009 Regular Session

PENSION SYSTEMS--ACTUARIAL FUNDING

EFFECTIVE DATE: 07/01/09

Passed by the Senate April 26, 2009
YEAS 27 NAYS 20

BRAD OWEN

President of the Senate

Passed by the House April 25, 2009
YEAS 50 NAYS 44

FRANK CHOPP

Speaker of the House of Representatives

Approved May 19, 2009, 11:02 a.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6161** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

May 20, 2009

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6161

AS AMENDED BY THE HOUSE

Passed Legislature - 2009 Regular Session

State of Washington 61st Legislature 2009 Regular Session

By Senate Ways & Means (originally sponsored by Senator Prentice)

READ FIRST TIME 04/19/09.

1 AN ACT Relating to actuarial funding of pension systems; amending
2 RCW 41.45.010, 41.45.035, 41.45.060, 41.45.070, 41.45.150, and
3 41.45.155; reenacting and amending RCW 41.45.0631; adding a new section
4 to chapter 41.45 RCW; providing an effective date; and declaring an
5 emergency.

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

7 **Sec. 1.** RCW 41.45.010 and 2005 c 370 s 4 are each amended to read
8 as follows:

9 It is the intent of the legislature to provide a dependable and
10 systematic process for funding the benefits provided to members and
11 retirees of the public employees' retirement system, chapter 41.40 RCW;
12 the teachers' retirement system, chapter 41.32 RCW; the law enforcement
13 officers' and firefighters' retirement systems, chapter 41.26 RCW; the
14 school employees' retirement system, chapter 41.35 RCW; the public
15 safety employees' retirement system, chapter 41.37 RCW; and the
16 Washington state patrol retirement system, chapter 43.43 RCW.

17 ~~((The legislature finds that the funding status of the state
18 retirement systems has improved dramatically since 1989. Because of
19 the big reduction in unfunded pension liabilities, it is now prudent to~~

1 adjust the long-term economic assumptions that are used in the
2 actuarial studies conducted by the state actuary. The legislature
3 finds that it is reasonable to increase the salary growth assumption in
4 light of Initiative Measure No. 732, to increase the investment return
5 assumption in light of the asset allocation policies and historical
6 returns of the state investment board, and to reestablish June 30,
7 2024, as the target date to achieve full funding of all liabilities in
8 the public employees' retirement system plan 1, the teachers'
9 retirement system plan 1, and the law enforcement officers' and
10 firefighters' retirement system plan 1.)

11 The funding process established by this chapter is intended to
12 achieve the following goals:

13 (1) To fully fund the public employees' retirement system plans 2
14 and 3, the teachers' retirement system plans 2 and 3, the school
15 employees' retirement system plans 2 and 3, the public safety
16 employees' retirement system plan 2, and the law enforcement officers'
17 and firefighters' retirement system plan 2 as provided by law;

18 (2) To fully amortize the total costs of (~~the public employees'~~
19 ~~retirement system plan 1, the teachers' retirement system plan 1, and~~)
20 the law enforcement officers' and firefighters' retirement system plan
21 1, not later than June 30, 2024;

22 (3) To fully amortize the unfunded actuarial accrued liability in
23 the public employees' retirement system plan 1 and the teachers'
24 retirement system plan 1 within a rolling ten-year period, using
25 methods and assumptions that balance needs for increased benefit
26 security, decreased contribution rate volatility, and affordability of
27 pension contribution rates;

28 (4) To establish long-term employer contribution rates which will
29 remain a relatively predictable proportion of the future state budgets;
30 and

31 (~~(4)~~) (5) To fund, to the extent feasible, (~~benefit increases~~
32 ~~for plan 1 members and~~) all benefits for plan 2 and 3 members over the
33 working lives of those members so that the cost of those benefits are
34 paid by the taxpayers who receive the benefit of those members'
35 service.

36 **Sec. 2.** RCW 41.45.035 and 2004 c 93 s 2 are each amended to read
37 as follows:

1 (1) Beginning July 1, 2001, the following long-term economic
2 assumptions shall be used by the state actuary for the purposes of RCW
3 41.45.030:

4 (a) The growth in inflation assumption shall be 3.5 percent;

5 (b) The growth in salaries assumption, exclusive of merit or
6 longevity increases, shall be 4.5 percent;

7 (c) The investment rate of return assumption shall be 8 percent;
8 and

9 (d) The growth in system membership assumption shall be 1.25
10 percent for the public employees' retirement system, the public safety
11 employees' retirement system, the school employees' retirement system,
12 and the law enforcement officers' and firefighters' retirement system.
13 The assumption shall be .90 percent for the teachers' retirement
14 system.

15 (2) Beginning July 1, 2009, the growth in salaries assumption for
16 the public employees' retirement system, the public safety employees'
17 retirement system, the teachers' retirement system, the school
18 employees' retirement system, plan 1 of the law enforcement officers'
19 and firefighters' retirement system, and the Washington state patrol
20 retirement system, exclusive of merit or longevity increases, shall be
21 the sum of:

22 (a) The growth in inflation assumption in subsection (1)(a) of this
23 section; and

24 (b) The productivity growth assumption of 0.5 percent.

25 (3)(a) Beginning with actuarial studies done after July 1, 2003,
26 changes to plan asset values that vary from the long-term investment
27 rate of return assumption shall be recognized in the actuarial value of
28 assets over a period that varies up to eight years depending on the
29 magnitude of the deviation of each year's investment rate of return
30 relative to the long-term rate of return assumption. Beginning with
31 actuarial studies performed after July 1, 2004, the actuarial value of
32 assets shall not be greater than one hundred thirty percent of the
33 market value of assets as of the valuation date or less than seventy
34 percent of the market value of assets as of the valuation date.
35 Beginning April 1, 2004, the council, by affirmative vote of four
36 councilmembers, may adopt changes to this asset value smoothing
37 technique. Any changes adopted by the council shall be subject to
38 revision by the legislature.

1 (b) The state actuary shall periodically review the appropriateness
2 of the asset smoothing method in this section and recommend changes to
3 the ((legislature)) council as necessary. Any changes adopted by the
4 council shall be subject to revision by the legislature.

5 **Sec. 3.** RCW 41.45.060 and 2007 c 280 s 2 are each amended to read
6 as follows:

7 (1) The state actuary shall provide preliminary actuarial valuation
8 results based on the economic assumptions and asset value smoothing
9 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or
10 41.45.035.

11 (2) Not later than July 31, 2008, and every two years thereafter,
12 consistent with the economic assumptions and asset value smoothing
13 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or
14 41.45.035, the council shall adopt and may make changes to:

15 (a) A basic state contribution rate for the law enforcement
16 officers' and firefighters' retirement system plan 1;

17 (b) Basic employer contribution rates for the public employees'
18 retirement system, the teachers' retirement system, and the Washington
19 state patrol retirement system; and

20 (c) Basic employer contribution rates for the school employees'
21 retirement system and the public safety employees' retirement system
22 for funding both those systems and the public employees' retirement
23 system plan 1.

24 The council may adopt annual rate changes for any plan for any
25 rate-setting period. The contribution rates adopted by the council
26 shall be subject to revision by the legislature.

27 (3) The employer and state contribution rates adopted by the
28 council shall be the level percentages of pay that are needed:

29 (a) To fully amortize the total costs of ((~~the public employees'~~
30 ~~retirement system plan 1, the teachers' retirement system plan 1, and~~))
31 the law enforcement officers' and firefighters' retirement system plan
32 1 not later than June 30, 2024; ((and))

33 (b) To fully fund the public employees' retirement system plans 2
34 and 3, the teachers' retirement system plans 2 and 3, the public safety
35 employees' retirement system plan 2, and the school employees'
36 retirement system plans 2 and 3 in accordance with RCW 41.45.061,
37 41.45.067, and this section; and

1 (c) To fully fund the public employees' retirement system plan 1
2 and the teachers' retirement system plan 1 in accordance with RCW
3 41.45.070, 41.45.150, and this section.

4 (4) The aggregate actuarial cost method shall be used to calculate
5 a combined plan 2 and 3 (~~employer contribution rate and~~) normal cost,
6 a Washington state patrol retirement system (~~contribution rate~~)
7 normal cost, and a public safety employees' retirement system normal
8 cost.

9 (5) A modified entry age normal cost method, as set forth in this
10 chapter, shall be used to calculate employer contributions to the
11 public employees' retirement system plan 1 and the teachers' retirement
12 system plan 1.

13 (6) The employer contribution rate for the public employees'
14 retirement system and the school employees' retirement system shall
15 equal the sum of:

16 (a) The amount required to pay the combined plan 2 and plan 3
17 normal cost for the system, subject to any minimum rates applied
18 pursuant to RCW 41.45.155; plus

19 (b) The amount required to amortize the unfunded actuarial accrued
20 liability in plan 1 of the public employees' retirement system over a
21 rolling ten-year period using projected future salary growth and growth
22 in system membership, and subject to any minimum or maximum rates
23 applied pursuant to RCW 41.45.150; plus

24 (c) The amounts required to amortize the costs of any benefit
25 improvements in plan 1 of the public employees' retirement system that
26 become effective after June 30, 2009. The cost of each benefit
27 improvement shall be amortized over a fixed ten-year period using
28 projected future salary growth and growth in system membership. The
29 amounts required under this subsection are not subject to, and are
30 collected in addition to, any minimum or maximum rates applied pursuant
31 to RCW 41.45.150.

32 (7) The employer contribution rate for the public safety employees'
33 retirement system shall equal the sum of:

34 (a) The amount required to pay the normal cost for the system,
35 subject to any minimum rates applied pursuant to RCW 41.45.155; plus

36 (b) The amount required to amortize the unfunded actuarial accrued
37 liability in plan 1 of the public employees' retirement system over a

1 rolling ten-year period using projected future salary growth and growth
2 in system membership, and subject to any minimum or maximum rates
3 applied pursuant to RCW 41.45.150; plus

4 (c) The amounts required to amortize the costs of any benefit
5 improvements in plan 1 of the public employees' retirement system that
6 become effective after June 30, 2009. The cost of each benefit
7 improvement shall be amortized over a fixed ten-year period using
8 projected future salary growth and growth in system membership. The
9 amounts required under this subsection are not subject to, and are
10 collected in addition to, any minimum or maximum rates applied pursuant
11 to RCW 41.45.150.

12 (8) The employer contribution rate for the teachers' retirement
13 system shall equal the sum of:

14 (a) The amount required to pay the combined plan 2 and plan 3
15 normal cost for the system, subject to any minimum rates applied
16 pursuant to RCW 41.45.155; plus

17 (b) The amount required to amortize the unfunded actuarial accrued
18 liability in plan 1 of the teachers' retirement system over a rolling
19 ten-year period using projected future salary growth and growth in
20 system membership, and subject to any minimum or maximum rates applied
21 pursuant to RCW 41.45.150; plus

22 (c) The amounts required to amortize the costs of any benefit
23 improvements in plan 1 of the teachers' retirement system that become
24 effective after June 30, 2009. The cost of each benefit improvement
25 shall be amortized over a fixed ten-year period using projected future
26 salary growth and growth in system membership. The amounts required
27 under this subsection are not subject to, and are collected in addition
28 to, any minimum or maximum rates applied pursuant to RCW 41.45.150.

29 ~~((+5))~~ (9) The council shall immediately notify the directors of
30 the office of financial management and department of retirement systems
31 of the state and employer contribution rates adopted. The rates shall
32 be effective for the ensuing biennial period, subject to any
33 legislative modifications.

34 ~~((+6))~~ (10) The director shall collect those rates adopted by the
35 council. The rates established in RCW 41.45.062, or by the council,
36 shall be subject to revision by the legislature.

37 ~~((+7))~~ (11) The state actuary shall prepare final actuarial

1 valuation results based on the economic assumptions, asset value
2 smoothing technique, and contribution rates included in or adopted
3 under RCW 41.45.030, 41.45.035, and this section.

4 **Sec. 4.** RCW 41.45.070 and 2007 c 491 s 12 are each amended to read
5 as follows:

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

18 (2) In addition to the basic member, employer, and state
19 contribution rate established in RCW 41.45.0604 for the law enforcement
20 officers' and firefighters' retirement system plan 2, the department
21 shall also establish supplemental rates to pay for the cost of
22 additional benefits, if any, granted to members of the law enforcement
23 officers' and firefighters' retirement system plan 2. Except as
24 provided in subsection (6) of this section, these supplemental rates
25 shall be calculated by the actuary retained by the law enforcement
26 officers' and firefighters' board and the state actuary through the
27 process provided in RCW 41.26.720(1)(a) and the state treasurer shall
28 transfer the additional required contributions regardless of language
29 to the contrary contained in the statute which authorizes the
30 additional benefits.

31 (3) Beginning July 1, 2009, the supplemental rate charged under
32 this section to fund benefit increases provided to active members of
33 the public employees' retirement system plan 1((~~7~~)) and the teachers'
34 retirement system plan 1((~~7~~—and—Washington—state—patrol—retirement
35 ~~system~~)) shall be calculated as the level percentage of all
36 ((~~members~~)) system pay needed to fund the cost of the benefit ((~~not~~
37 ~~later than June 30, 2024~~)) over a fixed ten-year period, using

1 projected future salary growth and growth in system membership. The
2 supplemental rate to fund benefit increases provided to active members
3 of the public employees' retirement system plan 1 shall be charged to
4 all system employers in the public employees' retirement system, the
5 school employees' retirement system, and the public safety employees'
6 retirement system. The supplemental rate to fund benefit increases
7 provided to active members of the teachers' retirement system plan 1
8 shall be charged to all system employers in the teachers' retirement
9 system.

10 (4) The supplemental rate charged under this section to fund
11 benefit increases provided to active and retired members of the public
12 employees' retirement system plan 2 and plan 3, the teachers'
13 retirement system plan 2 and plan 3, the public safety employees'
14 retirement system plan 2, ~~((or))~~ the school employees' retirement
15 system plan 2 and plan 3, or the Washington state patrol retirement
16 system shall be calculated as the level percentage of all members' pay
17 needed to fund the cost of the benefit, as calculated under RCW
18 41.45.060, 41.45.061, 41.45.0631, or 41.45.067.

19 (5) The supplemental rate charged under this section to fund
20 postretirement adjustments which are provided on a nonautomatic basis
21 to current retirees shall be calculated as the percentage of pay needed
22 to fund the adjustments as they are paid to the retirees. Beginning
23 July 1, 2009, the supplemental rate charged under this section to fund
24 increases in the automatic postretirement adjustments for active or
25 retired members of the public employees' retirement system plan 1 and
26 the teachers' retirement system plan 1 shall be calculated as the level
27 percentage of pay needed to fund the cost of the automatic adjustments
28 ~~((not later than June 30, 2024))~~ over a fixed ten-year period, using
29 projected future salary growth and growth in system membership. The
30 supplemental rate to fund increases in the automatic postretirement
31 adjustments for active members or retired members of the public
32 employees' retirement system plan 1 shall be charged to all system
33 employers in the public employees' retirement system, the school
34 employees' retirement system, and the public safety employees'
35 retirement system. The supplemental rate to fund increases in
36 automatic postretirement adjustments for active members or retired
37 members of the teachers' retirement system plan 1 shall be charged to
38 all system employers in the teachers' retirement system.

1 (6) A supplemental rate shall not be charged to pay for the cost of
2 additional benefits granted to members pursuant to chapter 340, Laws of
3 1998.

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

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

11 (9) A supplemental rate shall not be charged to pay for the cost of
12 the additional benefits granted to members of the teachers' retirement
13 system and the school employees' retirement system plans 2 and 3 in
14 sections 2, 4, 6, and 8, chapter 491, Laws of 2007 until September 1,
15 2008. A supplemental rate shall not be charged to pay for the cost of
16 the additional benefits granted to members of the public employees'
17 retirement system plans 2 and 3 under sections 9 and 10, chapter 491,
18 Laws of 2007 until July 1, 2008.

19 **Sec. 5.** RCW 41.45.150 and 2006 c 365 s 2 are each amended to read
20 as follows:

21 (1) Beginning July 1, 2009, and ending June 30, 2015, maximum
22 annual contribution rates are established for the portion of the
23 employer contribution rate for the public employees' retirement system
24 and the public safety employees' retirement system that is used for the
25 sole purpose of amortizing that portion of the unfunded actuarial
26 accrued liability in the public employees' retirement system plan 1
27 that excludes any amounts required to amortize plan 1 benefit
28 improvements effective after June 30, 2009. The maximum rates are:

29 Fiscal Yearending:

2010	2011	2012	2013	2014	2015
1.25%	1.25%	3.75%	4.50%	5.25%	6.00%

32 (2) Beginning September 1, 2009, and ending August 31, 2015,
33 maximum annual contribution rates are established for the portion of
34 the employer contribution rate for the school employees' retirement

1 system that is used for the sole purpose of amortizing that portion of
2 the unfunded actuarial accrued liability in the public employees'
3 retirement system plan 1 that excludes any amounts required to amortize
4 plan 1 benefit improvements effective after June 30, 2009. The maximum
5 rates are:

6 Fiscal Year ending:

7 2010	2011	2012	2013	2014	2015
8 1.25%	1.25%	3.75%	4.50%	5.25%	6.00%

9 (3) Beginning September 1, 2009, and ending August 31, 2015,
10 maximum annual contribution rates are established for the portion of
11 the employer contribution rate for the teachers' retirement system that
12 is used for the sole purpose of amortizing that portion of the unfunded
13 actuarial accrued liability in the teachers' retirement system plan 1
14 that excludes any amounts required to amortize plan 1 benefit
15 improvements effective after June 30, 2009. The maximum rates are:

16 Fiscal Year ending:

17 2010	2011	2012	2013	2014	2015
18 2.04%	2.04%	6.50%	7.50%	8.50%	9.50%

19 (4) Beginning July 1, ((2009)) 2015, a minimum ((2.68)) 5.25
20 percent contribution is established as part of the basic ((state and))
21 employer contribution rate for the public employees' retirement system
22 and the public safety employees' retirement system, to be used for the
23 sole purpose of amortizing that portion of the unfunded actuarial
24 accrued liability in the public employees' retirement system plan 1
25 that excludes any amounts required to amortize plan 1 benefit
26 improvements effective after June 30, 2009. This minimum contribution
27 rate shall remain effective until the actuarial value of assets in plan
28 1 of the public employees' retirement system equals one hundred twenty-
29 five percent of the actuarial accrued liability ((or June 30, 2024,
30 whichever comes first)).

31 ((+2)) (5) Beginning September 1, ((2009)) 2015, a minimum
32 ((2.68)) 5.25 percent contribution is established as part of the basic

1 ((state-and)) employer contribution rate for the school employees'
2 retirement system, to be used for the sole purpose of amortizing that
3 portion of the unfunded actuarial accrued liability in the public
4 employees' retirement system plan 1 that excludes any amounts required
5 to amortize plan 1 benefit improvements effective after June 30, 2009.
6 This minimum contribution rate shall remain effective until the
7 actuarial value of assets in plan 1 of the public employees' retirement
8 system equals one hundred ((twenty-five)) percent of the actuarial
9 accrued liability ((or June 30, 2024, whichever comes first)).

10 ((+3)) (6) Beginning September 1, ((2009)) 2015, a minimum
11 ((4.71)) 8.00 percent contribution is established as part of the basic
12 ((state-and)) employer contribution rate for the teachers' retirement
13 system, to be used for the sole purpose of amortizing that portion of
14 the unfunded actuarial accrued liability in the teachers' retirement
15 system plan 1 that excludes any amounts required to amortize plan 1
16 benefit improvements effective after June 30, 2009. This minimum
17 contribution rate shall remain effective until the actuarial value of
18 assets in plan 1 of the teachers' retirement system equals one hundred
19 ((twenty-five)) percent of the actuarial accrued liability ((or June
20 30, 2024, whichever comes first)).

21 ((+4)) (7) Upon completion of each biennial actuarial valuation,
22 the state actuary shall review the appropriateness of ((these)) the
23 minimum contribution rates and recommend to the ((legislature)) council
24 any adjustments as may be needed due to material changes in benefits or
25 actuarial assumptions, methods, or experience. Any changes adopted by
26 the council shall be subject to revision by the legislature.

27 **Sec. 6.** RCW 41.45.155 and 2006 c 365 s 3 are each amended to read
28 as follows:

29 (1) Beginning July 1, ((2009)) 2011, a minimum contribution rate is
30 established for the plans 2 and 3 normal cost as part of the basic
31 ((state-and)) employer contribution rate for the public employees'
32 retirement system. The minimum contribution rate for the plans 2 and
33 3 employer normal cost shall equal the total contribution rate required
34 to fund eighty percent of the plans 2 and 3 employer normal cost as
35 calculated under the entry age normal cost method. This minimum rate,
36 when applicable, shall be collected in addition to any contribution
37 rate required to amortize past gain-sharing distributions in plan 3.

1 (2) Beginning July 1, 2011, a minimum contribution rate is
2 established for the plan 2 normal cost as part of the basic employer
3 contribution rate for the public safety employees' retirement system.
4 The minimum contribution rate for the plan 2 normal cost shall equal
5 the total contribution rate required to fund eighty percent of the plan
6 2 normal cost as calculated under the entry age normal cost method.

7 (3) Beginning September 1, (~~2009~~) 2011, a minimum contribution
8 rate is established for the plans 2 and 3 normal cost as part of the
9 basic (~~state—and~~) employer contribution rate for the school
10 employees' retirement system. The minimum contribution rate for the
11 plans 2 and 3 employer normal cost shall equal the total contribution
12 rate required to fund eighty percent of the plans 2 and 3 employer
13 normal cost as calculated under the entry age normal cost method. This
14 minimum rate, when applicable, shall be collected in addition to any
15 contribution rate required to amortize past gain-sharing distributions
16 in plan 3.

17 (~~(3)~~) (4) Beginning September 1, (~~2009~~) 2011, a minimum
18 contribution rate is established for the plans 2 and 3 normal cost as
19 part of the basic (~~state—and~~) employer contribution rate for the
20 teachers' retirement system. The minimum contribution rate for the
21 plans 2 and 3 employer normal cost shall equal the total contribution
22 rate required to fund eighty percent of the plans 2 and 3 employer
23 normal cost as calculated under the entry age normal cost method. This
24 minimum rate, when applicable, shall be collected in addition to any
25 contribution rate required to amortize past gain-sharing distributions
26 in plan 3.

27 (~~(4)~~) (5) Upon completion of each biennial actuarial valuation,
28 the state actuary shall review the appropriateness of these minimum
29 contribution rates and recommend to the (~~legislature~~) council any
30 adjustments as may be needed due to material changes in benefits or
31 actuarial assumptions, methods, or experience. Any changes adopted by
32 the council shall be subject to revision by the legislature.

33 **Sec. 7.** RCW 41.45.0631 and 2007 c 300 s 1 and 2007 c 280 s 5 are
34 each reenacted and amended to read as follows:

35 (1) The allocation of costs between the employer and members of the
36 Washington state patrol retirement system shall be made only after the
37 application of any minimum total contribution rate that may be in

1 effect for the system under subsection (4) of this section. For
2 benefit improvements effective on or after July 1, 2007, costs shall be
3 shared equally by members and the employer, and any cap on member
4 contributions shall be adjusted accordingly. The member contribution
5 rate shall be based on the adjusted total contribution rate described
6 in subsection (2) of this section. Beginning July 1, 2007, the
7 required member contribution rate for members of the Washington state
8 patrol retirement system shall be the lesser of the following: (a)
9 One-half of the adjusted total contribution rate for the system; or (b)
10 seven percent, plus fifty percent of the contribution rate increase
11 caused by any benefit improvements effective on or after July 1, 2007.

12 (2) The employer shall continue to pay for all costs attributable
13 to distributions under RCW 43.43.270(2) for survivors of members who
14 became disabled under RCW 43.43.040(2) prior to July 1, 2006, until
15 such costs are fully paid. In order to avoid charging members for
16 these costs, the total required contribution rate shall be adjusted to
17 exclude these costs. The result of the adjustment shall be the
18 adjusted total contribution rate that is to be used to calculate the
19 required member contribution rate.

20 (3) The employer rate shall be the contribution rate required to
21 cover all total system costs that are not covered by the member
22 contribution rate.

23 (4) Beginning July 1, 2009, a minimum total contribution rate is
24 established for the Washington state patrol retirement system. The
25 total Washington state patrol retirement system contribution rate (~~as~~
26 ~~adopted by the pension funding council and subject to revision by the~~
27 ~~legislature~~)) may exceed, but may not drop below, the established
28 minimum total contribution rate. From July 1, 2009, through June 30,
29 2011, the minimum total contribution rate shall equal the total
30 contribution rate required to fund fifty percent of the Washington
31 state patrol retirement system's normal cost as calculated under the
32 entry age normal cost method. Beginning July 1, 2011, the minimum
33 total contribution rate shall equal the total contribution rate
34 required to fund seventy percent of the Washington state patrol
35 retirement system's normal cost as calculated under the entry age
36 normal cost method. This minimum rate, when applicable, shall be
37 collected in addition to any contribution rate required to amortize any

1 unfunded costs attributable to distributions under RCW 43.43.270(2) for
2 survivors of members who became disabled under RCW 43.43.040(2) prior
3 to July 1, 2006.

4 (5) Upon completion of each biennial actuarial valuation, the state
5 actuary shall review the appropriateness of this minimum total
6 contribution rate and recommend to the ((legislature)) council any
7 adjustments as may be needed. Any changes adopted by the council shall
8 be subject to revision by the legislature.

9 NEW SECTION. Sec. 8. A new section is added to chapter 41.45 RCW
10 to read as follows, but because of its temporary nature is not
11 codified:

12 The legislature hereby revises the contribution rates adopted by
13 the council at its July 22, 2008, meeting to exclude assumed
14 improvements for projected mortality, and to implement the changes in
15 RCW 41.45.010, 41.45.035, 41.45.060, 41.45.070, 41.45.150, 41.45.155,
16 and 41.45.0631, resulting in the following required contribution rates:

17 (1) Beginning July 1, 2009, and ending June 30, 2011, the required
18 basic employer contribution rate for the public employees' retirement
19 system shall be 5.13 percent, of which 1.13 percent shall be used for
20 the sole purpose of amortizing the unfunded actuarial accrued liability
21 in plan 1 of the public employees' retirement system.

22 (2) Beginning July 1, 2009, and ending June 30, 2011, the required
23 basic employer contribution rate for the public safety employees'
24 retirement system shall be 7.68 percent, of which 1.13 percent shall be
25 used for the sole purpose of amortizing the unfunded actuarial accrued
26 liability in plan 1 of the public employees' retirement system.

27 (3) Beginning September 1, 2009, and ending August 31, 2011, the
28 required basic employer contribution rate for the teachers' retirement
29 system shall be 5.98 percent, of which 1.85 percent shall be used for
30 the sole purpose of amortizing the unfunded actuarial accrued liability
31 in plan 1 of the teachers' retirement system.

32 (4) Beginning September 1, 2009, and ending August 31, 2011, the
33 required basic employer contribution rate for the school employees'
34 retirement system shall be 5.27 percent, of which 1.13 percent shall be
35 used for the sole purpose of amortizing the unfunded actuarial accrued
36 liability in plan 1 of the public employees' retirement system.

1 (5) Beginning July 1, 2009, and ending June 30, 2011, the required
2 basic employer contribution rate for plan 1 of the law enforcement
3 officers' and firefighters' retirement system shall be 0.00 percent.

4 (6) Beginning July 1, 2009, and ending June 30, 2011, the required
5 basic employer contribution rate for the Washington state patrol
6 retirement system shall be 6.17 percent.

7 (7) Beginning July 1, 2009, and ending June 30, 2011, the required
8 plan 2 member contribution rate for the public employees' retirement
9 system shall be 3.89 percent.

10 (8) Beginning July 1, 2009, and ending June 30, 2011, the required
11 plan 2 member contribution rate for the public safety employees'
12 retirement system shall be 6.55 percent.

13 (9) Beginning September 1, 2009, and ending August 31, 2011, the
14 required plan 2 member contribution rate for the teachers' retirement
15 system shall be 3.36 percent.

16 (10) Beginning September 1, 2009, and ending August 31, 2011, the
17 required plan 2 member contribution rate for the school employees'
18 retirement system shall be 3.14 percent.

19 (11) Beginning July 1, 2009, and ending June 30, 2011, the required
20 member contribution rate for plan 1 of the law enforcement officers'
21 and firefighters' retirement system shall be 0.00 percent.

22 (12) Beginning July 1, 2009, and ending June 30, 2011, the required
23 member contribution rate for the Washington state patrol retirement
24 system shall be 4.85 percent.

25 NEW SECTION. **Sec. 9.** This act is necessary for the immediate
26 preservation of the public peace, health, or safety, or support of the
27 state government and its existing public institutions, and takes effect
28 July 1, 2009.

Passed by the Senate April 26, 2009.

Passed by the House April 25, 2009.

Approved by the Governor May 19, 2009.

Filed in Office of Secretary of State May 20, 2009.