

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 2681**

Chapter 365, Laws of 2006

59th Legislature  
2006 Regular Session

PUBLIC RETIREMENT--CONTRIBUTION RATES

EFFECTIVE DATE: 7/1/09

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

FRANK CHOPP

**Speaker of the House of Representatives**

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

BRAD OWEN

**President of the Senate**

Approved March 31, 2006.

CHRISTINE GREGOIRE

**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.

RICHARD NAFZIGER

**Chief Clerk**

FILED

March 31, 2006 - 9:11 a.m.

**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.  
Passed by the House February 11, 2006.  
Passed by the Senate March 3, 2006.  
Approved by the Governor March 31, 2006.  
Filed in Office of Secretary of State March 31, 2006.