

**WAC 415-700-010 The higher education retirement plan (HERP) supplemental benefit fund.** RCW 28B.10.423 establishes a higher education retirement plan supplemental benefit fund, in the custody of the state treasurer, for the purpose of funding future higher education retirement plan supplemental benefits.

(1) **Who finances the HERP supplemental benefit fund?** Higher education employers pay into the HERP supplemental benefit fund at an employer contribution rate as established in RCW 28B.10.423 on the salaries paid to employees participating in their HERP.

(2) **Who are the higher education employers?** For the purpose of this section, higher education employers, as defined by chapter 28B.10 RCW includes:

- (a) All state universities;
- (b) All regional universities;
- (c) All state colleges;
- (d) All community and technical colleges;
- (e) The state board for community and technical colleges; and
- (f) Any other higher education entities granted authority for HERP coverage under chapter 28B.10 RCW.

(3) **How are the assets in the HERP supplemental benefit fund invested?** The Washington state investment board (WSIB) is responsible for investing HERP supplemental benefit fund assets. For investment purposes, the assets may be commingled with other trust fund accounts in the commingled trust fund (CTF).

(4) **How are assets in the HERP supplemental benefit fund used?** Assets in the HERP supplemental benefit fund are held in trust for the purpose of funding future higher education retirement plan supplemental benefits. Assets will remain in this fund until the legislature authorizes distribution(s).

(5) **What role does the department of retirement systems (department) have in administering the HERP supplemental benefit fund?** The department will:

- (a) Collect employer HERP contributions from higher education employers;
- (b) Deposit HERP contributions into the HERP supplemental benefit fund;
- (c) Provide buy/sell investment information to WSIB; and
- (d) Account for the fund's assets, including each employer's contributions and the earnings on those contributions.

(6) **What information will higher education employers be responsible for reporting to the department?** Each higher education employer will be responsible for reporting the total HERP salaries paid and the contributions owed on those salaries. HERP salaries include the salaries paid to all employees participating in the employer's higher education retirement plan, regardless of employee eligibility for the supplemental benefit portion of the plan.

(7) **Are HERP salaries reportable as they are earned or as they are paid?** HERP salaries are reportable as they are paid.

(8) **When are HERP reports and payment of HERP contributions due to the department?** Reporting and payments of HERP salaries and contributions should coincide with the employer's payroll periods. HERP reports and contribution payments for a calendar month are due on or before the 15th day of the calendar month following payment of the HERP salaries. Reports and contribution payments are considered overdue if not received by the close of business on the third business day after the due date.

**Example:** A higher education employer pays \$50,000 in HERP salaries on January 10th. The same employer pays another \$50,000 in HERP salaries on January 25th. The employer must report the HERP salaries paid for both payrolls and make payment of the contributions due on the total combined \$100,000 HERP salaries to the department by February 15th.

(9) **Does the department charge interest on overdue payments of contributions for the HERP supplemental benefit fund?** Yes. The department charges interest on overdue contributions to the HERP supplemental benefit fund at the rate of one percent per month simple interest. Interest is charged for each day the payment is overdue. Assessed interest will appear on the employer's monthly accounts receivable statement from the department.

(10) **Can the department charge employers an administrative expense fee for the HERP supplemental benefit fund?** Yes. RCW 41.50.110 authorizes the department to charge employers an administrative expense fee for expenses related to the administration of the HERP supplemental benefit fund.

[Statutory Authority: RCW 41.50.050(5), 41.50.030, and 28B.10.423. WSR 12-10-057, § 415-700-010, filed 5/1/12, effective 6/1/12.]