

ESB 6378 - S AMD 318

By Senators Baumgartner, Zarelli

ADOPTED 04/10/2012

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 41.32.765 and 2007 c 491 s 2 are each amended to read
4 as follows:

5 (1) NORMAL RETIREMENT. Any member with at least five service
6 credit years of service who has attained at least age sixty-five shall
7 be eligible to retire and to receive a retirement allowance computed
8 according to the provisions of RCW 41.32.760.

9 (2) EARLY RETIREMENT. Any member who has completed at least twenty
10 service credit years of service who has attained at least age fifty-
11 five shall be eligible to retire and to receive a retirement allowance
12 computed according to the provisions of RCW 41.32.760, except that a
13 member retiring pursuant to this subsection shall have the retirement
14 allowance actuarially reduced to reflect the difference in the number
15 of years between age at retirement and the attainment of age sixty-
16 five.

17 (3) ALTERNATE EARLY RETIREMENT.

18 (a) Any member who has completed at least thirty service credit
19 years and has attained age fifty-five shall be eligible to retire and
20 to receive a retirement allowance computed according to the provisions
21 of RCW 41.32.760, except that a member retiring pursuant to this
22 subsection shall have the retirement allowance reduced by three percent
23 per year to reflect the difference in the number of years between age
24 at retirement and the attainment of age sixty-five.

25 (b) On or after September 1, 2008, any member who has completed at
26 least thirty service credit years and has attained age fifty-five shall
27 be eligible to retire and to receive a retirement allowance computed
28 according to the provisions of RCW 41.32.760, except that a member
29 retiring pursuant to this subsection shall have the retirement
30 allowance reduced as follows:

	Retirement	Percent
	Age	Reduction
1		
2		
3	55	20%
4	56	17%
5	57	14%
6	58	11%
7	59	8%
8	60	5%
9	61	2%
10	62	0%
11	63	0%
12	64	0%

13 Any member who retires under the provisions of this subsection is
14 ineligible for the postretirement employment provisions of RCW
15 41.32.802(2) until the retired member has reached sixty-five years of
16 age. For purposes of this subsection, employment with an employer also
17 includes any personal service contract, service by an employer as a
18 temporary or project employee, or any other similar compensated
19 relationship with any employer included under the provisions of RCW
20 41.32.800(1).

21 The subsidized reductions for alternate early retirement in this
22 subsection as set forth in section 2, chapter 491, Laws of 2007 were
23 intended by the legislature as replacement benefits for gain-sharing.
24 Until there is legal certainty with respect to the repeal of chapter
25 41.31A RCW, the right to retire under this subsection is
26 noncontractual, and the legislature reserves the right to amend or
27 repeal this subsection. Legal certainty includes, but is not limited
28 to, the expiration of any: Applicable limitations on actions; and
29 periods of time for seeking appellate review, up to and including
30 reconsideration by the Washington supreme court and the supreme court
31 of the United States. Until that time, eligible members may still
32 retire under this subsection, and upon receipt of the first installment
33 of a retirement allowance computed under this subsection, the resulting
34 benefit becomes contractual for the recipient. If the repeal of
35 chapter 41.31A RCW is held to be invalid in a final determination of a

1 court of law, and the court orders reinstatement of gain-sharing or
2 other alternate benefits as a remedy, then retirement benefits for any
3 member who has completed at least thirty service credit years and has
4 attained age fifty-five but has not yet received the first installment
5 of a retirement allowance under this subsection shall be computed using
6 the reductions in (a) of this subsection.

7 (c) Members who first become employed by an employer in an eligible
8 position on or after May 1, 2013, are not eligible for the alternate
9 early retirement provisions of (a) or (b) of this subsection. Any
10 member who first becomes employed by an employer in an eligible
11 position on or after May 1, 2013, and has completed at least thirty
12 service credit years and has attained age fifty-five shall be eligible
13 to retire and to receive a retirement allowance computed according to
14 the provisions of RCW 41.32.760, except that a member retiring pursuant
15 to this subsection shall have the retirement allowance reduced by five
16 percent per year to reflect the difference in the number of years
17 between age at retirement and the attainment of age sixty-five.

18 **Sec. 2.** RCW 41.32.875 and 2007 c 491 s 4 are each amended to read
19 as follows:

20 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five
21 and who has:

22 (a) Completed ten service credit years; or

23 (b) Completed five service credit years, including twelve service
24 credit months after attaining age forty-four; or

25 (c) Completed five service credit years by July 1, 1996, under plan
26 2 and who transferred to plan 3 under RCW 41.32.817;
27 shall be eligible to retire and to receive a retirement allowance
28 computed according to the provisions of RCW 41.32.840.

29 (2) EARLY RETIREMENT. Any member who has attained at least age
30 fifty-five and has completed at least ten years of service shall be
31 eligible to retire and to receive a retirement allowance computed
32 according to the provisions of RCW 41.32.840, except that a member
33 retiring pursuant to this subsection shall have the retirement
34 allowance actuarially reduced to reflect the difference in the number
35 of years between age at retirement and the attainment of age sixty-
36 five.

37 (3) ALTERNATE EARLY RETIREMENT.

1 (a) Any member who has completed at least thirty service credit
2 years and has attained age fifty-five shall be eligible to retire and
3 to receive a retirement allowance computed according to the provisions
4 of RCW 41.32.840, except that a member retiring pursuant to this
5 subsection shall have the retirement allowance reduced by three percent
6 per year to reflect the difference in the number of years between age
7 at retirement and the attainment of age sixty-five.

8 (b) On or after September 1, 2008, any member who has completed at
9 least thirty service credit years and has attained age fifty-five shall
10 be eligible to retire and to receive a retirement allowance computed
11 according to the provisions of RCW 41.32.840, except that a member
12 retiring pursuant to this subsection shall have the retirement
13 allowance reduced as follows:

14	Retirement	Percent
15	Age	Reduction
16	55	20%
17	56	17%
18	57	14%
19	58	11%
20	59	8%
21	60	5%
22	61	2%
23	62	0%
24	63	0%
25	64	0%

26 Any member who retires under the provisions of this subsection is
27 ineligible for the postretirement employment provisions of RCW
28 41.32.862(2) until the retired member has reached sixty-five years of
29 age. For purposes of this subsection, employment with an employer also
30 includes any personal service contract, service by an employer as a
31 temporary or project employee, or any other similar compensated
32 relationship with any employer included under the provisions of RCW
33 41.32.860(1).

34 The subsidized reductions for alternate early retirement in this
35 subsection as set forth in section 4, chapter 491, Laws of 2007 were

1 intended by the legislature as replacement benefits for gain-sharing.
2 Until there is legal certainty with respect to the repeal of chapter
3 41.31A RCW, the right to retire under this subsection is
4 noncontractual, and the legislature reserves the right to amend or
5 repeal this subsection. Legal certainty includes, but is not limited
6 to, the expiration of any: Applicable limitations on actions; and
7 periods of time for seeking appellate review, up to and including
8 reconsideration by the Washington supreme court and the supreme court
9 of the United States. Until that time, eligible members may still
10 retire under this subsection, and upon receipt of the first installment
11 of a retirement allowance computed under this subsection, the resulting
12 benefit becomes contractual for the recipient. If the repeal of
13 chapter 41.31A RCW is held to be invalid in a final determination of a
14 court of law, and the court orders reinstatement of gain-sharing or
15 other alternate benefits as a remedy, then retirement benefits for any
16 member who has completed at least thirty service credit years and has
17 attained age fifty-five but has not yet received the first installment
18 of a retirement allowance under this subsection shall be computed using
19 the reductions in (a) of this subsection.

20 (c) Members who first become employed by an employer in an eligible
21 position on or after May 1, 2013, are not eligible for the alternate
22 early retirement provisions of (a) or (b) of this subsection. Any
23 member who first becomes employed by an employer in an eligible
24 position on or after May 1, 2013, and has completed at least thirty
25 service credit years and has attained age fifty-five shall be eligible
26 to retire and to receive a retirement allowance computed according to
27 the provisions of RCW 41.32.840, except that a member retiring pursuant
28 to this subsection shall have the retirement allowance reduced by five
29 percent per year to reflect the difference in the number of years
30 between age at retirement and the attainment of age sixty-five.

31 **Sec. 3.** RCW 41.35.420 and 2007 c 491 s 6 are each amended to read
32 as follows:

33 (1) NORMAL RETIREMENT. Any member with at least five service
34 credit years who has attained at least age sixty-five shall be eligible
35 to retire and to receive a retirement allowance computed according to
36 the provisions of RCW 41.35.400.

1 (2) EARLY RETIREMENT. Any member who has completed at least twenty
2 service credit years and has attained age fifty-five shall be eligible
3 to retire and to receive a retirement allowance computed according to
4 the provisions of RCW 41.35.400, except that a member retiring pursuant
5 to this subsection shall have the retirement allowance actuarially
6 reduced to reflect the difference in the number of years between age at
7 retirement and the attainment of age sixty-five.

8 (3) ALTERNATE EARLY RETIREMENT.

9 (a) Any member who has completed at least thirty service credit
10 years and has attained age fifty-five shall be eligible to retire and
11 to receive a retirement allowance computed according to the provisions
12 of RCW 41.35.400, except that a member retiring pursuant to this
13 subsection shall have the retirement allowance reduced by three percent
14 per year to reflect the difference in the number of years between age
15 at retirement and the attainment of age sixty-five.

16 (b) On or after September 1, 2008, any member who has completed at
17 least thirty service credit years and has attained age fifty-five shall
18 be eligible to retire and to receive a retirement allowance computed
19 according to the provisions of RCW 41.35.400, except that a member
20 retiring pursuant to this subsection shall have the retirement
21 allowance reduced as follows:

Retirement	Percent
Age	Reduction
55	20%
56	17%
57	14%
58	11%
59	8%
60	5%
61	2%
62	0%
63	0%
64	0%

34 Any member who retires under the provisions of this subsection is
35 ineligible for the postretirement employment provisions of RCW

1 41.35.060(2) until the retired member has reached sixty-five years of
2 age. For purposes of this subsection, employment with an employer also
3 includes any personal service contract, service by an employer as a
4 temporary or project employee, or any other similar compensated
5 relationship with any employer included under the provisions of RCW
6 41.35.230(1).

7 The subsidized reductions for alternate early retirement in this
8 subsection as set forth in section 6, chapter 491, Laws of 2007 were
9 intended by the legislature as replacement benefits for gain-sharing.
10 Until there is legal certainty with respect to the repeal of chapter
11 41.31A RCW, the right to retire under this subsection is
12 noncontractual, and the legislature reserves the right to amend or
13 repeal this subsection. Legal certainty includes, but is not limited
14 to, the expiration of any: Applicable limitations on actions; and
15 periods of time for seeking appellate review, up to and including
16 reconsideration by the Washington supreme court and the supreme court
17 of the United States. Until that time, eligible members may still
18 retire under this subsection, and upon receipt of the first installment
19 of a retirement allowance computed under this subsection, the resulting
20 benefit becomes contractual for the recipient. If the repeal of
21 chapter 41.31A RCW is held to be invalid in a final determination of a
22 court of law, and the court orders reinstatement of gain-sharing or
23 other alternate benefits as a remedy, then retirement benefits for any
24 member who has completed at least thirty service credit years and has
25 attained age fifty-five but has not yet received the first installment
26 of a retirement allowance under this subsection shall be computed using
27 the reductions in (a) of this subsection.

28 (c) Members who first become employed by an employer in an eligible
29 position on or after May 1, 2013, are not eligible for the alternate
30 early retirement provisions of (a) or (b) of this subsection. Any
31 member who first becomes employed by an employer in an eligible
32 position on or after May 1, 2013, and has completed at least thirty
33 service credit years and has attained age fifty-five shall be eligible
34 to retire and to receive a retirement allowance computed according to
35 the provisions of RCW 41.35.400, except that a member retiring pursuant
36 to this subsection shall have the retirement allowance reduced by five
37 percent per year to reflect the difference in the number of years
38 between age at retirement and the attainment of age sixty-five.

1 **Sec. 4.** RCW 41.35.680 and 2007 c 491 s 8 are each amended to read
2 as follows:

3 (1) **NORMAL RETIREMENT.** Any member who is at least age sixty-five
4 and who has:

5 (a) Completed ten service credit years; or

6 (b) Completed five service credit years, including twelve service
7 credit months after attaining age forty-four; or

8 (c) Completed five service credit years by September 1, 2000, under
9 the public employees' retirement system plan 2 and who transferred to
10 plan 3 under RCW 41.35.510;

11 shall be eligible to retire and to receive a retirement allowance
12 computed according to the provisions of RCW 41.35.620.

13 (2) **EARLY RETIREMENT.** Any member who has attained at least age
14 fifty-five and has completed at least ten years of service shall be
15 eligible to retire and to receive a retirement allowance computed
16 according to the provisions of RCW 41.35.620, except that a member
17 retiring pursuant to this subsection shall have the retirement
18 allowance actuarially reduced to reflect the difference in the number
19 of years between age at retirement and the attainment of age sixty-
20 five.

21 (3) **ALTERNATE EARLY RETIREMENT.**

22 (a) Any member who has completed at least thirty service credit
23 years and has attained age fifty-five shall be eligible to retire and
24 to receive a retirement allowance computed according to the provisions
25 of RCW 41.35.620, except that a member retiring pursuant to this
26 subsection shall have the retirement allowance reduced by three percent
27 per year to reflect the difference in the number of years between age
28 at retirement and the attainment of age sixty-five.

29 (b) On or after September 1, 2008, any member who has completed at
30 least thirty service credit years and has attained age fifty-five shall
31 be eligible to retire and to receive a retirement allowance computed
32 according to the provisions of RCW 41.35.620, except that a member
33 retiring pursuant to this subsection shall have the retirement
34 allowance reduced as follows:

35	Retirement	Percent
36	Age	Reduction

1	55	20%
2	56	17%
3	57	14%
4	58	11%
5	59	8%
6	60	5%
7	61	2%
8	62	0%
9	63	0%
10	64	0%

11 Any member who retires under the provisions of this subsection is
12 ineligible for the postretirement employment provisions of RCW
13 41.35.060(2) until the retired member has reached sixty-five years of
14 age. For purposes of this subsection, employment with an employer also
15 includes any personal service contract, service by an employer as a
16 temporary or project employee, or any other similar compensated
17 relationship with any employer included under the provisions of RCW
18 41.35.230(1).

19 The subsidized reductions for alternate early retirement in this
20 subsection as set forth in section 8, chapter 491, Laws of 2007 were
21 intended by the legislature as replacement benefits for gain-sharing.
22 Until there is legal certainty with respect to the repeal of chapter
23 41.31A RCW, the right to retire under this subsection is
24 noncontractual, and the legislature reserves the right to amend or
25 repeal this subsection. Legal certainty includes, but is not limited
26 to, the expiration of any: Applicable limitations on actions; and
27 periods of time for seeking appellate review, up to and including
28 reconsideration by the Washington supreme court and the supreme court
29 of the United States. Until that time, eligible members may still
30 retire under this subsection, and upon receipt of the first installment
31 of a retirement allowance computed under this subsection, the resulting
32 benefit becomes contractual for the recipient. If the repeal of
33 chapter 41.31A RCW is held to be invalid in a final determination of a
34 court of law, and the court orders reinstatement of gain-sharing or
35 other alternate benefits as a remedy, then retirement benefits for any
36 member who has completed at least thirty service credit years and has

1 attained age fifty-five but has not yet received the first installment
2 of a retirement allowance under this subsection shall be computed using
3 the reductions in (a) of this subsection.

4 (c) Members who first become employed by an employer in an eligible
5 position on or after May 1, 2013, are not eligible for the alternate
6 early retirement provisions of (a) or (b) of this subsection. Any
7 member who first becomes employed by an employer in an eligible
8 position on or after May 1, 2013, and has completed at least thirty
9 service credit years and has attained age fifty-five shall be eligible
10 to retire and to receive a retirement allowance computed according to
11 the provisions of RCW 41.35.620, except that a member retiring pursuant
12 to this subsection shall have the retirement allowance reduced by five
13 percent per year to reflect the difference in the number of years
14 between age at retirement and the attainment of age sixty-five.

15 **Sec. 5.** RCW 41.40.630 and 2007 c 491 s 9 are each amended to read
16 as follows:

17 (1) NORMAL RETIREMENT. Any member with at least five service
18 credit years who has attained at least age sixty-five shall be eligible
19 to retire and to receive a retirement allowance computed according to
20 the provisions of RCW 41.40.620.

21 (2) EARLY RETIREMENT. Any member who has completed at least twenty
22 service credit years and has attained age fifty-five shall be eligible
23 to retire and to receive a retirement allowance computed according to
24 the provisions of RCW 41.40.620, except that a member retiring pursuant
25 to this subsection shall have the retirement allowance actuarially
26 reduced to reflect the difference in the number of years between age at
27 retirement and the attainment of age sixty-five.

28 (3) ALTERNATE EARLY RETIREMENT.

29 (a) Any member who has completed at least thirty service credit
30 years and has attained age fifty-five shall be eligible to retire and
31 to receive a retirement allowance computed according to the provisions
32 of RCW 41.40.620, except that a member retiring pursuant to this
33 subsection shall have the retirement allowance reduced by three percent
34 per year to reflect the difference in the number of years between age
35 at retirement and the attainment of age sixty-five.

36 (b) On or after July 1, 2008, any member who has completed at least
37 thirty service credit years and has attained age fifty-five shall be

1 eligible to retire and to receive a retirement allowance computed
2 according to the provisions of RCW 41.40.620, except that a member
3 retiring pursuant to this subsection shall have the retirement
4 allowance reduced as follows:

5	Retirement	Percent
6	Age	Reduction
7	55	20%
8	56	17%
9	57	14%
10	58	11%
11	59	8%
12	60	5%
13	61	2%
14	62	0%
15	63	0%
16	64	0%

17 Any member who retires under the provisions of this subsection is
18 ineligible for the postretirement employment provisions of RCW
19 41.40.037(2)(d) until the retired member has reached sixty-five years
20 of age. For purposes of this subsection, employment with an employer
21 also includes any personal service contract, service by an employer as
22 a temporary or project employee, or any other similar compensated
23 relationship with any employer included under the provisions of RCW
24 41.40.690(1).

25 The subsidized reductions for alternate early retirement in this
26 subsection as set forth in section 9, chapter 491, Laws of 2007 were
27 intended by the legislature as replacement benefits for gain-sharing.
28 Until there is legal certainty with respect to the repeal of chapter
29 41.31A RCW, the right to retire under this subsection is
30 noncontractual, and the legislature reserves the right to amend or
31 repeal this subsection. Legal certainty includes, but is not limited
32 to, the expiration of any: Applicable limitations on actions; and
33 periods of time for seeking appellate review, up to and including
34 reconsideration by the Washington supreme court and the supreme court
35 of the United States. Until that time, eligible members may still

1 retire under this subsection, and upon receipt of the first installment
2 of a retirement allowance computed under this subsection, the resulting
3 benefit becomes contractual for the recipient. If the repeal of
4 chapter 41.31A RCW is held to be invalid in a final determination of a
5 court of law, and the court orders reinstatement of gain-sharing or
6 other alternate benefits as a remedy, then retirement benefits for any
7 member who has completed at least thirty service credit years and has
8 attained age fifty-five but has not yet received the first installment
9 of a retirement allowance under this subsection shall be computed using
10 the reductions in (a) of this subsection.

11 (c) Members who first become employed by an employer in an eligible
12 position on or after May 1, 2013, are not eligible for the alternate
13 early retirement provisions of (a) or (b) of this subsection. Any
14 member who first becomes employed by an employer in an eligible
15 position on or after May 1, 2013, and has completed at least thirty
16 service credit years and has attained age fifty-five shall be eligible
17 to retire and to receive a retirement allowance computed according to
18 the provisions of RCW 41.40.620, except that a member retiring pursuant
19 to this subsection shall have the retirement allowance reduced by five
20 percent per year to reflect the difference in the number of years
21 between age at retirement and the attainment of age sixty-five.

22 **Sec. 6.** RCW 41.40.820 and 2007 c 491 s 10 are each amended to read
23 as follows:

24 (1) NORMAL RETIREMENT. Any member who is at least age sixty-five
25 and who has:

26 (a) Completed ten service credit years; or

27 (b) Completed five service credit years, including twelve service
28 credit months after attaining age forty-four; or

29 (c) Completed five service credit years by the transfer payment
30 date specified in RCW 41.40.795, under the public employees' retirement
31 system plan 2 and who transferred to plan 3 under RCW 41.40.795;
32 shall be eligible to retire and to receive a retirement allowance
33 computed according to the provisions of RCW 41.40.790.

34 (2) EARLY RETIREMENT. Any member who has attained at least age
35 fifty-five and has completed at least ten years of service shall be
36 eligible to retire and to receive a retirement allowance computed
37 according to the provisions of RCW 41.40.790, except that a member

1 retiring pursuant to this subsection shall have the retirement
2 allowance actuarially reduced to reflect the difference in the number
3 of years between age at retirement and the attainment of age sixty-
4 five.

5 (3) ALTERNATE EARLY RETIREMENT.

6 (a) Any member who has completed at least thirty service credit
7 years and has attained age fifty-five shall be eligible to retire and
8 to receive a retirement allowance computed according to the provisions
9 of RCW 41.40.790, except that a member retiring pursuant to this
10 subsection shall have the retirement allowance reduced by three percent
11 per year to reflect the difference in the number of years between age
12 at retirement and the attainment of age sixty-five.

13 (b) On or after July 1, 2008, any member who has completed at least
14 thirty service credit years and has attained age fifty-five shall be
15 eligible to retire and to receive a retirement allowance computed
16 according to the provisions of RCW 41.40.790, except that a member
17 retiring pursuant to this subsection shall have the retirement
18 allowance reduced as follows:

19	Retirement	Percent
20	Age	Reduction
21	55	20%
22	56	17%
23	57	14%
24	58	11%
25	59	8%
26	60	5%
27	61	2%
28	62	0%
29	63	0%
30	64	0%

31 Any member who retires under the provisions of this subsection is
32 ineligible for the postretirement employment provisions of RCW
33 41.40.037(2)(d) until the retired member has reached sixty-five years
34 of age. For purposes of this subsection, employment with an employer
35 also includes any personal service contract, service by an employer as

1 a temporary or project employee, or any other similar compensated
2 relationship with any employer included under the provisions of RCW
3 41.40.850(1).

4 The subsidized reductions for alternate early retirement in this
5 subsection as set forth in section 10, chapter 491, Laws of 2007 were
6 intended by the legislature as replacement benefits for gain-sharing.
7 Until there is legal certainty with respect to the repeal of chapter
8 41.31A RCW, the right to retire under this subsection is
9 noncontractual, and the legislature reserves the right to amend or
10 repeal this subsection. Legal certainty includes, but is not limited
11 to, the expiration of any: Applicable limitations on actions; and
12 periods of time for seeking appellate review, up to and including
13 reconsideration by the Washington supreme court and the supreme court
14 of the United States. Until that time, eligible members may still
15 retire under this subsection, and upon receipt of the first installment
16 of a retirement allowance computed under this subsection, the resulting
17 benefit becomes contractual for the recipient. If the repeal of
18 chapter 41.31A RCW is held to be invalid in a final determination of a
19 court of law, and the court orders reinstatement of gain-sharing or
20 other alternate benefits as a remedy, then retirement benefits for any
21 member who has completed at least thirty service credit years and has
22 attained age fifty-five but has not yet received the first installment
23 of a retirement allowance under this subsection shall be computed using
24 the reductions in (a) of this subsection.

25 (c) Members who first become employed by an employer in an eligible
26 position on or after May 1, 2013, are not eligible for the alternate
27 early retirement provisions of (a) or (b) of this subsection. Any
28 member who first becomes employed by an employer in an eligible
29 position on or after May 1, 2013, and has completed at least thirty
30 service credit years and has attained age fifty-five shall be eligible
31 to retire and to receive a retirement allowance computed according to
32 the provisions of RCW 41.40.790, except that a member retiring pursuant
33 to this subsection shall have the retirement allowance reduced by five
34 percent per year to reflect the difference in the number of years
35 between age at retirement and the attainment of age sixty-five.

36 **Sec. 7.** RCW 41.45.035 and 2009 c 561 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) The following investment rate of return assumptions for the
26 public employees' retirement system, the public safety employees'
27 retirement system, the teachers' retirement system, the school
28 employees' retirement system, plan 1 of the law enforcement officers'
29 and firefighters' retirement system, and the Washington state patrol
30 retirement system, shall be used by the state actuary for the purposes
31 of RCW 41.45.030:

32 (a) Beginning July 1, 2013, the investment rate of return
33 assumption shall be 7.9 percent.

34 (b) Beginning July 1, 2015, the investment rate of return
35 assumption shall be 7.8 percent.

36 (c) Beginning July 1, 2017, the investment rate of return
37 assumption shall be 7.7 percent.

1 (d) For valuation purposes, the state actuary shall only use the
2 assumptions in (a) through (c) of this subsection after the effective
3 date in (a) through (c) of this subsection.

4 (e) By June 1, 2017, the state actuary shall submit to the council
5 information regarding the experience and financial condition of each
6 state retirement system, and make recommendations regarding the long-
7 term investment rate of return assumptions set forth in this
8 subsection. The council shall review this and such other information
9 as it may require.

10 (4)(a) Beginning with actuarial studies done after July 1, 2003,
11 changes to plan asset values that vary from the long-term investment
12 rate of return assumption shall be recognized in the actuarial value of
13 assets over a period that varies up to eight years depending on the
14 magnitude of the deviation of each year's investment rate of return
15 relative to the long-term rate of return assumption. Beginning with
16 actuarial studies performed after July 1, 2004, the actuarial value of
17 assets shall not be greater than one hundred thirty percent of the
18 market value of assets as of the valuation date or less than seventy
19 percent of the market value of assets as of the valuation date.
20 Beginning April 1, 2004, the council, by affirmative vote of four
21 councilmembers, may adopt changes to this asset value smoothing
22 technique. Any changes adopted by the council shall be subject to
23 revision by the legislature.

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

28 NEW SECTION. Sec. 8. The select committee on pension policy, with
29 the assistance of the department of labor and industries, shall study
30 the issue of risk classifications of employees in the Washington state
31 retirement systems that entail either high degrees of physical or
32 psychological risk to the members' own safety or unusually high
33 physical requirements that result in elevated risks of injury or
34 disablement for older employees. The select committee on pension
35 policy, with the assistance of the office of the superintendent of
36 public instruction, shall also study existing early retirement factors
37 and job requirements that may limit the effectiveness of the older

1 classroom employee. The study shall identify groups and evaluate them
2 for inclusion in the public safety employees' retirement system or the
3 creation of other early retirement factors in the teachers' or school
4 employees' retirement systems. The select committee on pension policy
5 shall report the findings and recommendations of its study to the
6 legislative fiscal committees by no later than December 15, 2012."

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By Senators Baumgartner, Zarelli

ADOPTED 04/10/2012

7 On page 1, line 1 of the title, after "Relating to" strike the
8 remainder of the title and insert "benefits and contributions for new
9 members of the public employees' retirement system, the teachers'
10 retirement system, and the school employees' retirement system;
11 amending RCW 41.32.765, 41.32.875, 41.35.420, 41.35.680, 41.40.630,
12 41.40.820, and 41.45.035; and creating a new section."

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