
SENATE BILL 5980

State of Washington

64th Legislature

2015 Regular Session

By Senator Braun

Read first time 02/13/15. Referred to Committee on Ways & Means.

1 AN ACT Relating to creating a defined contribution retirement
2 plan option for elected officials; amending RCW 41.04.440, 41.04.445,
3 41.04.450, 41.50.030, and 43.33A.190; reenacting and amending RCW
4 41.50.110; adding a new section to chapter 41.50 RCW; adding a new
5 chapter to Title 41 RCW; and providing an effective date.

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

7 **PART I**

8 **SHORT TITLE AND INTENT**

9 NEW SECTION. **Sec. 101.** This act may be known and cited as the
10 elected official retirement savings plan act.

11 NEW SECTION. **Sec. 102.** The legislature recognizes the need for
12 persons who offer public service as an elected official to have the
13 option of participating in a retirement savings plan that can
14 contribute towards a secure and viable retirement benefit. The
15 legislature also recognizes the need for public employers and
16 taxpayers to have consistent and predictable pension funding
17 obligations in support of employee retirement benefits. Therefore, it
18 is the intent of the legislature to provide a defined contribution
19 retirement plan option for elected officials that uses best practices

1 to provide the opportunity and flexibility to accrue a viable
2 retirement benefit, while providing stable funding requirements for
3 public employers and taxpayers.

4 **PART II**
5 **RETIREMENT SYSTEM**

6 NEW SECTION. **Sec. 201.** This chapter applies only to members of
7 the Washington elected officials retirement savings plan created
8 under this chapter.

9 NEW SECTION. **Sec. 202.** The definitions in this section apply
10 throughout this chapter unless the context clearly requires
11 otherwise.

12 (1) "Accumulated contributions" means the sum of all
13 contributions standing to the credit of a member in the member's
14 individual account, together with the earnings thereon.

15 (2) "Compensation earnable" means salaries or wages earned by a
16 member during a payroll period for service as an elected official,
17 including wages and salaries deferred under provisions established
18 pursuant to sections 403(b), 414(h), and 457 of the internal revenue
19 code, but excludes nonmoney maintenance compensation and lump sum or
20 other payments for deferred annual sick leave, unused accumulated
21 vacation leave, unused accumulated annual leave, or any form of
22 severance pay.

23 (3) "Department" means the department of retirement systems
24 created in chapter 41.50 RCW.

25 (4) "Director" means the director of the department.

26 (5) "Eligible position" means any position as a state or local
27 elected official, but not including elected judges and justices, that
28 also meets the definition of eligible position in chapter 41.40 RCW.

29 (6) "Employee" or "employed" means a person who is providing
30 services as an elected official for an employer.

31 (7) "Employer" means every branch, commission, board, and office
32 of the state, and any political subdivision and municipal corporation
33 of the state admitted into the retirement system. Any employer who is
34 participating in the retirement systems established in chapter 41.40
35 RCW on the effective date of this section is an employer under this
36 chapter. Any entity that becomes an employer under chapter 41.40 RCW

1 after the effective date of this section is also an employer under
2 this chapter.

3 (8) "Ineligible position" means any position that does not
4 conform with the requirements set forth in subsection (5) of this
5 section.

6 (9) "Member" means any employee included in the membership of the
7 retirement system, as provided for in section 204 of this act.

8 (10) "Member account" or "member's account" means the sum of the
9 member and employer contributions and earnings on behalf of the
10 member.

11 (11) "Regular interest" means the rate the director determines.

12 (12) "Retirement system" means the Washington elected officials
13 retirement savings plan created in this chapter.

14 (13) "Separation from service" occurs when a person has
15 terminated all elected service with an employer.

16 (14) "Service" means periods of elected service by a member.

17 (15) "State actuary" or "actuary" means the person appointed
18 pursuant to RCW 44.44.010(2).

19 (16) "State elective position" means any position held by any
20 person elected or appointed to statewide office or elected or
21 appointed as a member of the legislature.

22 (17) "State treasurer" means the treasurer of the state of
23 Washington.

24 NEW SECTION. **Sec. 203.** A Washington elected officials
25 retirement savings plan is hereby created for the elected officials
26 of the state of Washington and its political subdivisions. The
27 administration and management of the savings plan, the responsibility
28 for making effective the provisions of this chapter, and the
29 authority to make all rules and regulations necessary therefor are
30 hereby vested in the department. All such rules and regulations shall
31 be governed by the provisions of chapter 34.05 RCW. The retirement
32 system created in this chapter shall be known as the Washington
33 elected officials retirement savings plan.

34 NEW SECTION. **Sec. 204.** (1) Except as provided in subsection (2)
35 of this section, membership in the retirement system consists of all
36 persons elected to state or local government office, but not an
37 elected judicial office, on or after July 1, 2017, including persons
38 who have previously served as elected officials, who make an

1 irrevocable election within ninety days of taking office to become a
2 member of the system. Membership in the retirement system will begin
3 on the first day of the term of office for those who elect to join
4 the retirement system. Those who do not elect to become members of
5 the system may not be a member of any other retirement plan for their
6 service as elected officials.

7 (2) Persons who are age fifty or older at the time of being
8 elected to state or local government office after July 1, 2017, and
9 who are members of a retirement plan established under chapter 41.40
10 RCW prior to being elected may continue membership in the plan under
11 chapter 41.40 RCW for their elected service or may make an
12 irrevocable election to become a member of the retirement system
13 pursuant to subsection (1) of this section.

14 (3) Membership in the retirement system shall not prevent persons
15 from also participating in a retirement plan established under
16 chapter 41.26, 41.32, 41.35, 41.37, or 41.40 RCW for periods of
17 nonelected service. The hours of service rendered in elected
18 positions eligible for coverage in the retirement system, and the
19 compensation received in the elected positions, may not be included
20 in the calculation of benefits provided pursuant to chapters 41.26,
21 41.32, 41.35, 41.37, and 41.40 RCW.

22 NEW SECTION. **Sec. 205.** (1) A member shall contribute five
23 percent of his or her compensation earnable until age thirty-five,
24 and seven and one-half percent thereafter. Persons who are age fifty
25 or older at the time of being elected to state or local government
26 office and who elect to become a member of the retirement system
27 pursuant to section 204(2) of this act shall contribute an amount
28 equal to their prior contribution rate under chapter 41.40 RCW.

29 (2) The employer of a member shall contribute to the member's
30 account an amount equal to eighty percent of the contributions made
31 by a member. The employers of members who elected to join the
32 retirement system pursuant to section 204(2) of this act shall
33 contribute four percent of compensation earnable until age thirty-
34 five and six percent thereafter for those members.

35 (3) Contributions shall begin the first day of the pay cycle in
36 which the employee becomes a member.

37 NEW SECTION. **Sec. 206.** In addition to contributions made to
38 members' accounts, employers shall make contributions to the unfunded

1 actuarial accrued liability in plan 1 of the public employees'
2 retirement system in the amounts specified in RCW 41.45.060(6) (b)
3 and (c).

4 NEW SECTION. **Sec. 207.** (1) Members may self-direct their
5 investments as set forth in section 208 of this act and RCW
6 43.33A.190. If a member does not select investments, the member's
7 account shall be invested in the default investment option of the
8 retirement strategy fund that is closest to the retirement target
9 date of the member. "Retirement strategy fund" means one of several
10 diversified asset allocation portfolios managed by investment
11 advisors under contract to the state investment board. The asset mix
12 of the portfolios adjusts over time depending on a target retirement
13 date.

14 (2) The department shall adopt rules that will allow members the
15 option to roll over moneys from other tax qualified accounts into
16 their elected officials retirement savings plan member account. This
17 option is subject to internal revenue service requirements for
18 favorable tax qualification. The department is not required to allow
19 all roll-overs that may be permitted under internal revenue service
20 regulations.

21 NEW SECTION. **Sec. 208.** (1) The state investment board has the
22 full authority to invest all self-directed investment moneys in
23 accordance with RCW 43.84.150 and 43.33A.140, and cumulative
24 investment directions received pursuant to section 207 of this act
25 and this section. In carrying out this authority the state investment
26 board, after consultation with the department, shall provide a set of
27 options for members to choose from for self-directed investment.

28 (2) All investment and operating costs of the state investment
29 board associated with making self-directed investments shall be paid
30 by members and recovered under procedures agreed to by the department
31 and the state investment board pursuant to the principles set forth
32 in RCW 43.33A.160 and 43.84.160. All other expenses caused by self-
33 directed investment shall be paid by the member in accordance with
34 rules established by the department. With the exception of these
35 expenses, all earnings from self-directed investments shall accrue to
36 the member's account.

37 (3)(a)(i) The department shall keep or cause to be kept full and
38 adequate accounts and records of each individual member's account.

1 The department shall account for and report on the investment of
2 defined contribution assets or may enter into an agreement with the
3 state investment board for such accounting and reporting under this
4 chapter.

5 (ii) The department's duties related to individual member
6 accounts include conducting the activities of trade instruction,
7 settlement activities, and direction of cash movement and related
8 wire transfers with the custodian bank and outside investment firms.

9 (iii) The department has sole responsibility for contracting with
10 any recordkeepers for individual member accounts and shall manage the
11 performance of recordkeepers under those contracts.

12 (b)(i) The department's duties under (a)(ii) of this subsection
13 do not limit the authority of the state investment board to conduct
14 its responsibilities for asset management and balancing of the
15 defined contribution funds.

16 (ii) The state investment board has sole responsibility for
17 contracting with outside investment firms to provide investment
18 management for the defined contribution funds and shall manage the
19 performance of investment managers under those contracts.

20 (c) The state treasurer shall designate and define the terms of
21 engagement for the custodial banks.

22 NEW SECTION. **Sec. 209.** (1) If the member terminates service as
23 an elected official, the balance in the member's account may be
24 distributed in accordance with an option selected by the member
25 either as a lump sum or pursuant to other options authorized by the
26 department.

27 (2) If the member dies while in service, the balance of the
28 member's account may be distributed in accordance with an option
29 selected by the member either as a lump sum or pursuant to other
30 options authorized by the department. The distribution is as follows:

31 (a) The distribution shall be made to the person or persons the
32 member nominated by written designation duly executed and filed with
33 the department;

34 (b) If there is no designated person or persons still living at
35 the time of the member's death, the balance of the member's account
36 in the retirement system shall be paid to the member's surviving
37 spouse as if in fact the spouse had been nominated by written
38 designation;

1 (c) If there is no surviving spouse, then to the person or
2 persons, trust, or organization as the member has nominated by
3 written designation duly executed and filed with the department; or

4 (d) If there is no designated person or persons still living at
5 the time of the member's death, then to the member's legal
6 representatives.

7 (3) The distribution under subsections (1) and (2) of this
8 section is less any amount identified as owing to an obligee upon
9 withdrawal pursuant to a court order filed under RCW 41.50.670.

10 (4) The department, in consultation with the state investment
11 board, may adopt rules providing members and survivors an option to
12 purchase, using funds in the member's account, an annuity. The
13 offering of this option is subject to favorable tax determination by
14 the internal revenue service.

15 NEW SECTION. **Sec. 210.** (1) Subject to subsections (2) and (3)
16 of this section, the right of a person to an annuity or any other
17 right accrued or accruing to any person under the provisions of this
18 chapter, the various funds created by this chapter, and all moneys
19 and investments and income thereof, are hereby exempt from any state,
20 county, municipal, or other local tax, and is not subject to
21 execution, garnishment, attachment, the operation of bankruptcy or
22 insolvency laws, or other process of law whatsoever, whether the same
23 be in actual possession of the person or be deposited or loaned and
24 shall be unassignable.

25 (2)(a) This section does not prohibit a beneficiary of an annuity
26 from authorizing deductions therefrom for payment of premiums due on
27 any group insurance policy or plan issued for the benefit of a group
28 comprised of public employees of the state of Washington or its
29 political subdivisions and which has been approved for deduction in
30 accordance with rules that may be adopted by the state health care
31 authority and/or the department. This section does not prohibit a
32 beneficiary of an annuity from authorizing deductions therefrom for
33 payment of dues and other membership fees to any retirement
34 association or organization the membership of which is composed of
35 retired public employees, if a total of three hundred or more of such
36 retired employees have authorized such deduction for payment to the
37 same retirement association or organization.

38 (b) This section does not prohibit a beneficiary of an annuity
39 from authorizing deductions from that allowance for charitable

1 purposes on the same terms as employees and public officers under RCW
2 41.04.035 and 41.04.036.

3 (3) Subsection (1) of this section does not prohibit the
4 department from complying with (a) a wage assignment order for child
5 support issued pursuant to chapter 26.18 RCW, (b) an order to
6 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a
7 notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a
8 mandatory benefits assignment order issued by the department, (e) a
9 court order directing the department of retirement systems to pay
10 benefits directly to an obligee under a dissolution order as defined
11 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and
12 41.50.700, or (f) any administrative or court order expressly
13 authorized by federal law.

14 NEW SECTION. **Sec. 211.** (1) The retirement plan created by this
15 chapter must be administered so as to comply with the internal
16 revenue code, Title 26 U.S.C., and specifically with plan
17 qualification requirements imposed on governmental plans by section
18 401(a) of the internal revenue code.

19 (2) Any section or provision of this chapter which is susceptible
20 to more than one construction must be interpreted in favor of the
21 construction most likely to satisfy requirements imposed by section
22 401(a) of the internal revenue code.

23 (3) If any section or provision of this chapter is found to be in
24 conflict with the plan qualification requirements for governmental
25 plans in section 401(a) of the internal revenue code, the conflicting
26 part of this chapter is hereby inoperative solely to the extent of
27 the conflict, and such finding does not affect the operation of the
28 remainder of this chapter.

29 NEW SECTION. **Sec. 212.** (1) A state board, commission, or
30 agency, or any officer, employee, or member thereof, is not liable
31 for any loss or deficiency resulting from member investments selected
32 or required pursuant to section 208 (1) or (3) of this act.

33 (2) Neither the department, nor director or any employee, nor the
34 state investment board, nor any officer, employee, or member thereof,
35 is liable for any loss or deficiency resulting from a member
36 investment in the default option pursuant to section 207 of this act
37 or reasonable efforts to implement investment directions pursuant to
38 section 208 (1) or (3) of this act.

1 (3) The state investment board, or any officer, employee, or
2 member thereof, is not liable with respect to any declared unit
3 valuations or crediting of rates of return, or any other exercise of
4 powers or duties, including discretion, under section 208(2) of this
5 act.

6 (4) The department, or any officer or employee thereof, is not
7 liable for crediting rates of return which are consistent with the
8 state investment board's declaration of unit valuations pursuant to
9 section 208(2) of this act.

10 NEW SECTION. **Sec. 213.** For the purposes of this chapter, the
11 terms spouse, marriage, marital, husband, wife, widow, widower, next
12 of kin, and family apply equally to state registered domestic
13 partnerships or individuals in state registered domestic partnerships
14 as well as to marital relationships and married persons, and
15 references to dissolution of marriage apply equally to state
16 registered domestic partnerships that have been terminated,
17 dissolved, or invalidated, to the extent that such interpretation
18 does not conflict with federal law. When necessary to implement
19 chapter 521, Laws of 2009, gender-specific terms such as husband and
20 wife used in any statute, rule, or other law are gender neutral, and
21 applicable to individuals in state registered domestic partnerships.

22 NEW SECTION. **Sec. 214.** Sections 201 through 213 of this act
23 constitute a new chapter in Title 41 RCW.

24 **PART III**

25 **CHANGES TO EXISTING RETIREMENT SYSTEMS**

26 **Sec. 301.** RCW 41.04.440 and 2007 c 492 s 3 are each amended to
27 read as follows:

28 (1) The sole purpose of RCW 41.04.445 and 41.04.450 is to allow
29 the members of the retirement systems created in chapters 2.10, 2.12,
30 41.26, 41.32, 41.35, 41.37, 41.40, 41.34, 41.-- (the new chapter
31 created in section 214 of this act), and 43.43 RCW to enjoy the tax
32 deferral benefits allowed under 26 U.S.C. 414(h). Chapter 227, Laws
33 of 1984 does not alter in any manner the provisions of RCW 41.45.060,
34 41.45.061, and 41.45.067 which require that the member contribution
35 rates shall be set so as to provide fifty percent of the cost of the
36 respective retirement plans.

1 (2) Should the legislature revoke any benefit allowed under 26
2 U.S.C. 414(h), no affected employee shall be entitled thereafter to
3 receive such benefit as a matter of contractual right.

4 **Sec. 302.** RCW 41.04.445 and 2007 c 492 s 4 are each amended to
5 read as follows:

6 (1) This section applies to all members who are:

7 (a) Judges under the retirement system established under chapter
8 2.10, 2.12, or 2.14 RCW;

9 (b) Employees of the state under the retirement system
10 established by chapter 41.32, 41.37, 41.40, 41.-- (the new chapter
11 created in section 214 of this act), or 43.43 RCW;

12 (c) Employees of school districts under the retirement system
13 established by chapter 41.32 (~~((ϵ))~~), 41.40, or 41.-- (the new chapter
14 created in section 214 of this act) RCW, except for substitute
15 teachers as defined by RCW 41.32.010;

16 (d) Employees of educational service districts under the
17 retirement system established by chapter 41.32 (~~((ϵ))~~), 41.40, or
18 41.-- (the new chapter created in section 214 of this act) RCW; or

19 (e) Employees of community college districts under the retirement
20 system established by chapter 41.32 (~~((ϵ))~~), 41.40, or 41.-- (the new
21 chapter created in section 214 of this act) RCW.

22 (2) Only for compensation earned after the effective date of the
23 implementation of this section and as provided by section 414(h) of
24 the federal internal revenue code, the employer of all the members
25 specified in subsection (1) of this section shall pick up only those
26 member contributions as required under:

27 (a) RCW 2.10.090(1);

28 (b) RCW 2.12.060;

29 (c) RCW 2.14.090;

30 (d) RCW 41.32.263;

31 (e) RCW 41.32.350;

32 (f) RCW 41.40.330 (1) and (3);

33 (g) RCW 41.45.061 and 41.45.067;

34 (h) RCW 41.34.070; and

35 (i) (~~RCW 43.43.300; and~~

36 ~~(j))~~) RCW 41.34.040.

37 (3) Only for the purposes of federal income taxation, the gross
38 income of the member shall be reduced by the amount of the

1 contribution to the respective retirement system picked up by the
2 employer.

3 (4) All member contributions to the respective retirement system
4 picked up by the employer as provided by this section, plus the
5 accrued interest earned thereon, shall be paid to the member upon the
6 withdrawal of funds or lump sum payment of accumulated contributions
7 as provided under the provisions of the retirement systems.

8 (5) At least forty-five days prior to implementing this section,
9 the employer shall provide:

10 (a) A complete explanation of the effects of this section to all
11 members; and

12 (b) Notification of such implementation to the director of the
13 department of retirement systems.

14 **Sec. 303.** RCW 41.04.450 and 2007 c 492 s 5 are each amended to
15 read as follows:

16 (1) Employers of those members under chapters 41.26, 41.34,
17 41.35, 41.37, 41.-- (the new chapter created in section 214 of this
18 act), and 41.40 RCW who are not specified in RCW 41.04.445 may choose
19 to implement the employer pick up of all member contributions without
20 exception under RCW 41.26.080(1)(a), 41.26.450, 41.40.330(1),
21 41.45.060, 41.45.061, and 41.45.067 and chapters 41.34, and 41.--
22 (the new chapter created in section 214 of this act) RCW. If the
23 employer does so choose, the employer and members shall be subject to
24 the conditions and limitations of RCW 41.04.445 (3), (4), and (5) and
25 41.04.455.

26 (2) An employer exercising the option under this section may
27 later choose to withdraw from and/or reestablish the employer pick up
28 of member contributions only once in a calendar year following forty-
29 five days prior notice to the director of the department of
30 retirement systems.

31 NEW SECTION. **Sec. 304.** A new section is added to chapter 41.50
32 RCW to read as follows:

33 If the department determines that due to employer error a member
34 of the elected officials retirement savings plan has suffered a loss
35 of investment return, the employer shall pay the department for
36 credit to the member's account the amount determined by the
37 department as necessary to correct the error.

1 **Sec. 305.** RCW 41.50.030 and 2011 1st sp.s. c 47 s 20 are each
2 amended to read as follows:

3 (1) As soon as possible but not more than one hundred and eighty
4 days after March 19, 1976, there is transferred to the department of
5 retirement systems, except as otherwise provided in this chapter, all
6 powers, duties, and functions of:

7 (a) The Washington public employees' retirement system;

8 (b) The Washington state teachers' retirement system;

9 (c) The Washington law enforcement officers' and firefighters'
10 retirement system;

11 (d) The Washington state patrol retirement system;

12 (e) The Washington judicial retirement system; and

13 (f) The state treasurer with respect to the administration of the
14 judges' retirement fund imposed pursuant to chapter 2.12 RCW.

15 (2) On July 1, 1996, there is transferred to the department all
16 powers, duties, and functions of the deferred compensation committee.

17 (3) The department shall administer chapter 41.34 RCW.

18 (4) The department shall administer the Washington school
19 employees' retirement system created under chapter 41.35 RCW.

20 (5) The department shall administer the Washington public safety
21 employees' retirement system created under chapter 41.37 RCW.

22 (6) The department shall administer the collection of employer
23 contributions and initial prefunding of the higher education
24 retirement plan supplemental benefits, also referred to as the
25 annuity or retirement income plans created under chapter 28B.10 RCW.

26 (7) The department shall administer the Washington elected
27 officials retirement savings plan created in chapter 41.-- RCW (the
28 new chapter created in section 214 of this act).

29 **Sec. 306.** RCW 41.50.110 and 2011 1st sp.s. c 50 s 936 and 2011
30 1st sp.s. c 47 s 22 are each reenacted and amended to read as
31 follows:

32 (1) Except as provided by RCW 41.50.255 and subsection (6) of
33 this section, all expenses of the administration of the department,
34 the expenses of administration of the retirement systems, and the
35 expenses of the administration of the office of the state actuary
36 created in chapters 2.10, 2.12, 28B.10, 41.26, 41.32, 41.40, 41.34,
37 41.35, 41.37, 41.-- (the new chapter created in section 214 of this
38 act), 43.43, and 44.44 RCW shall be paid from the department of
39 retirement systems expense fund.

1 (2) In order to reimburse the department of retirement systems
2 expense fund on an equitable basis the department shall ascertain and
3 report to each employer, as defined in RCW 28B.10.400, 41.26.030,
4 41.32.010, 41.35.010, 41.37.010, section 202 of this act, or
5 41.40.010, the sum necessary to defray its proportional share of the
6 entire expense of the administration of the retirement system that
7 the employer participates in during the ensuing biennium or fiscal
8 year whichever may be required. Such sum is to be computed in an
9 amount directly proportional to the estimated entire expense of the
10 administration as the ratio of monthly salaries of the employer's
11 members bears to the total salaries of all members in the entire
12 system. It shall then be the duty of all such employers to include in
13 their budgets or otherwise provide the amounts so required.

14 (3) The department shall compute and bill each employer, as
15 defined in RCW 28B.10.400, 41.26.030, 41.32.010, 41.35.010,
16 41.37.010, section 202 of this act, or 41.40.010, at the end of each
17 month for the amount due for that month to the department of
18 retirement systems expense fund and the same shall be paid as are its
19 other obligations. Such computation as to each employer shall be made
20 on a percentage rate of salary established by the department.
21 However, the department may at its discretion establish a system of
22 billing based upon calendar year quarters in which event the said
23 billing shall be at the end of each such quarter.

24 (4) The director may adjust the expense fund contribution rate
25 for each system at any time when necessary to reflect unanticipated
26 costs or savings in administering the department.

27 (5) An employer who fails to submit timely and accurate reports
28 to the department may be assessed an additional fee related to the
29 increased costs incurred by the department in processing the
30 deficient reports. Fees paid under this subsection shall be deposited
31 in the retirement system expense fund.

32 (a) Every six months the department shall determine the amount of
33 an employer's fee by reviewing the timeliness and accuracy of the
34 reports submitted by the employer in the preceding six months. If
35 those reports were not both timely and accurate the department may
36 prospectively assess an additional fee under this subsection.

37 (b) An additional fee assessed by the department under this
38 subsection shall not exceed fifty percent of the standard fee.

39 (c) The department shall adopt rules implementing this section.

1 (6) Expenses other than those under RCW 41.34.060(~~(3)~~) (4)
2 shall be paid pursuant to subsection (1) of this section.

3 (7) During the 2009-2011 and 2011-2013 fiscal biennia, the
4 legislature may transfer from the department of retirement systems'
5 expense fund to the state general fund such amounts as reflect the
6 excess fund balance of the fund.

7 **Sec. 307.** RCW 43.33A.190 and 2000 c 247 s 701 are each amended
8 to read as follows:

9 Pursuant to RCW 41.34.130 and section 208 of this act, the state
10 investment board shall invest all self-directed investment moneys
11 under the elected officials retirement savings plan, the teachers'
12 retirement system plan 3, the school employees' retirement system
13 plan 3, and the public employees' retirement system plan 3 with full
14 power to establish investment policy, develop investment options, and
15 manage self-directed investment funds.

16 **PART IV**
17 **ADDITIONAL PROVISIONS**

18 NEW SECTION. **Sec. 401.** This act takes effect July 1, 2017.

19 NEW SECTION. **Sec. 402.** The benefits provided pursuant to this
20 act are not provided to employees as a matter of contractual right
21 prior to July 1, 2017. The legislature retains the right to alter or
22 abolish these benefits at any time prior to July 1, 2017.

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