

---

SENATE BILL 6535

---

State of Washington

56th Legislature

2000 Regular Session

By Senators Winsley, Fraser, Long, Franklin, Bauer, Honeyford, Jacobsen, Fairley, Goings, Rasmussen, Patterson, Eide and Kohl-Welles; by request of Joint Committee on Pension Policy

Read first time . Referred to Committee on .

1 AN ACT Relating to increasing member involvement in and knowledge  
2 of the retirement systems; amending RCW 41.50.075; adding new sections  
3 to chapter 41.50 RCW; creating a new section; and providing an  
4 effective date.

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

6 NEW SECTION. **Sec. 1.** It is the intent of the legislature to  
7 articulate the responsibilities of the pension oversight board and to  
8 further the study of issues in the state retirement systems. It is  
9 also the intent of the legislature to improve upon the coordination of  
10 and the reports from the department of retirement systems, the state  
11 investment board, and the office of the state actuary to make them more  
12 concise and user-friendly, to further the disclosure of the financial  
13 and actuarial status of the systems, and to empower interested parties  
14 in assessing accountability.

15 **Sec. 2.** RCW 41.50.075 and 1998 c 341 s 503 are each amended to  
16 read as follows:

17 (1) Two funds are hereby created and established in the state  
18 treasury to be known as the Washington law enforcement officers' and

1 fire fighters' system plan 1 retirement fund, and the Washington law  
2 enforcement officers' and fire fighters' system plan 2 retirement fund  
3 which shall consist of all moneys paid into them in accordance with the  
4 provisions of this chapter and chapter 41.26 RCW, whether such moneys  
5 take the form of cash, securities, or other assets. The plan 1 fund  
6 shall consist of all moneys paid to finance the benefits provided to  
7 members of the law enforcement officers' and fire fighters' retirement  
8 system plan 1, and the plan 2 fund shall consist of all moneys paid to  
9 finance the benefits provided to members of the law enforcement  
10 officers' and fire fighters' retirement system plan 2.

11 (2) All of the assets of the Washington state teachers' retirement  
12 system shall be credited according to the purposes for which they are  
13 held, to two funds to be maintained in the state treasury, namely, the  
14 teachers' retirement system plan 1 fund and the teachers' retirement  
15 system combined plan 2 and 3 fund. The plan 1 fund shall consist of  
16 all moneys paid to finance the benefits provided to members of the  
17 Washington state teachers' retirement system plan 1, and the combined  
18 plan 2 and 3 fund shall consist of all moneys paid to finance the  
19 benefits provided to members of the Washington state teachers'  
20 retirement system plan 2 and 3.

21 (3) There is hereby established in the state treasury two separate  
22 funds, namely the public employees' retirement system plan 1 fund and  
23 the public employees' retirement system plan 2 fund. The plan 1 fund  
24 shall consist of all moneys paid to finance the benefits provided to  
25 members of the public employees' retirement system plan 1, and the plan  
26 2 fund shall consist of all moneys paid to finance the benefits  
27 provided to members of the public employees' retirement system plan 2.

28 (4) There is hereby established in the state treasury the school  
29 employees' retirement system combined plan 2 and 3 fund. The combined  
30 plan 2 and 3 fund shall consist of all moneys paid to finance the  
31 benefits provided to members of the school employees' retirement system  
32 plan 2 and plan 3.

33 (5) The legislature shall expend from the funds created in this  
34 section only to satisfy the liabilities, if any, of each of the  
35 respective systems.

36 NEW SECTION. Sec. 3. A new section is added to chapter 41.50 RCW  
37 to read as follows:

1 (1)(a) The state pension oversight board is created and consists of  
2 the following members:

3 (i) Four active members or representatives from organizations of  
4 active members of the state retirement system appointed by the governor  
5 for staggered three-year terms;

6 (ii) Four retired members or representatives of retired members'  
7 organizations of the state retirement system appointed by the governor  
8 for staggered three-year terms, with no two members from the same  
9 system;

10 (iii) Five employer representatives appointed by the governor for  
11 staggered three-year terms;

12 (iv) The director of the department, the director of financial  
13 management, and the executive director of the state investment board;  
14 and

15 (v) Four members of the legislature, with one member representing  
16 each of the two largest caucuses in the senate and the house of  
17 representatives, appointed by the president of the senate and the  
18 speaker of the house of representatives. The legislators shall be  
19 nonvoting members of the board.

20 (b) The board shall establish policies and procedures for its  
21 internal management.

22 (2) The board shall provide open and balanced review of pension  
23 policy issues and advise and recommend changes on pension policy  
24 issues; contribution rates; long-term assumptions used in developing  
25 those rates; and legislation to the legislature, the governor, the  
26 pension funding council, and the joint committee on pension policy.

27 (3) The board shall from time to time make written recommendations  
28 to the legislature concerning deficiencies, conflicts, or obsolete  
29 provisions in, and need for reorganization or revision of, the statutes  
30 governing pension policy, and shall prepare for submission to the  
31 legislature, legislation for the correction or removal of those  
32 deficiencies, conflicts, or obsolete provisions, or to otherwise  
33 improve the form or substance of any portion of the statute law of this  
34 state as the public interest or the administration of pension policy  
35 may require.

36 (4) The board shall discharge its duties in the interest of the  
37 public employers, participants, and beneficiaries.

38 (5) The department shall provide staff and actuarial services to  
39 the board.

1        NEW SECTION.    **Sec. 4.**    A new section is added to chapter 41.50 RCW  
2 to read as follows:

3        The department is to produce a summary level and consolidated  
4 annual financial report with the focus of presenting information about  
5 the status of the various retirement plans to active and retired  
6 members, policy makers, and other interested parties.    Information  
7 included in the report is to be provided by the office of the state  
8 actuary, the state investment board, and the department.    The  
9 department shall consult with the state investment board and the office  
10 of the state actuary during the preparation of this report.    The  
11 department shall meet with the department's advisory board in order to  
12 ensure the usability of the report.    In addition, the department shall  
13 give annual notice of report review and then accept and consider input  
14 on the style and substance of the report from interested parties.

15        NEW SECTION.    **Sec. 5.**    A new section is added to chapter 41.50 RCW  
16 to read as follows:

17        Beginning in 2001 and every four years thereafter, the department  
18 shall convene a task force comprised of representatives of the  
19 department, the office of the state actuary, the state investment  
20 board, the office of financial management, the office of the state  
21 auditor, and the advisory committee to the department.    This task force  
22 shall review all the major reports prepared by state agencies  
23 concerning the state retirement systems and examine the best practices  
24 from other states.    The goals of the task force are to determine what  
25 information needs to be reported and to seek ways to:    Promote more  
26 effective monitoring of the public retirement systems, streamline  
27 reporting, become more efficient in the production and distribution of  
28 the information, minimize redundancies and confusion, and maximize the  
29 public's investment in these reports.    The task force shall report by  
30 the end of October in each year the task force is convened to the state  
31 pension oversight board with their recommendations for changing and  
32 consolidating these reports.    Any changes in current state law that may  
33 be required to accomplish these recommendations shall be noted.

34        NEW SECTION.    **Sec. 6.**    If any provision of this act or its  
35 application to any person or circumstance is held invalid, the  
36 remainder of the act or the application of the provision to other  
37 persons or circumstances is not affected.

1        NEW SECTION.   **Sec. 7.**   Section 2 of this act takes effect September  
2   1, 2000.

--- END ---