

---

SENATE BILL 6451

---

State of Washington

59th Legislature

2006 Regular Session

By Senators Fraser, Mulliken, Pridemore, McAuliffe and Rasmussen; by request of Select Committee on Pension Policy

Read first time 01/12/2006. Referred to Committee on Ways & Means.

1 AN ACT Relating to payment of the unfunded actuarial accrued  
2 liability in plan 1 of the public employees' retirement system and plan  
3 1 of the teachers' retirement system; adding a new section to chapter  
4 41.45 RCW; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.45 RCW  
7 to read as follows:

8 (1) It is the intent of the legislature to provide for the  
9 systematic payment of the plan 1 unfunded actuarial accrued liability  
10 in a manner that promotes contribution rate adequacy and stability for  
11 the affected systems. This change in funding policy requires a three-  
12 year phase-in of contribution rates beginning in 2006. The phase-in  
13 rates for the plan 1 unfunded actuarial accrued liability are in  
14 addition to the phase-in rates established pursuant to RCW 41.45.062.

15 (2) Beginning July 1, 2006, a 0.87 percent contribution is  
16 established as part of the basic state and employer contribution rate  
17 for the public employees' retirement system and the public safety  
18 employees' retirement system, to be used for the sole purpose of

1 amortizing the unfunded actuarial accrued liability in the public  
2 employees' retirement system plan 1.

3 (3) Beginning September 1, 2006, a 0.87 percent contribution is  
4 established as part of the basic state and employer contribution rate  
5 for the school employees' retirement system, to be used for the sole  
6 purpose of amortizing the unfunded actuarial accrued liability in the  
7 public employees' retirement system plan 1.

8 (4) Beginning September 1, 2006, a 1.29 percent contribution is  
9 established as part of the basic state and employer contribution rate  
10 for the teachers' retirement system, to be used for the sole purpose of  
11 amortizing the unfunded actuarial accrued liability in the teachers'  
12 retirement system plan 1.

13 (5) Upon completion of the 2005 actuarial valuation, the pension  
14 funding council and the state actuary shall review the contribution  
15 rates for the plan 1 unfunded actuarial accrued liability for 2007-2008  
16 and 2008-2009 and by September 30, 2006, the pension funding council  
17 shall adopt contribution rates to complete the three-year phase-in  
18 schedule, adjusted for any material changes in benefits or actuarial  
19 assumptions, methods, and experience. The expected present value of  
20 projected contributions during the three-year phase-in period shall be  
21 the same as the expected present value of projected contributions that  
22 would have been collected without the phase-in, as determined by the  
23 state actuary and adjusted for any material changes in benefits or  
24 actuarial assumptions, methods, or experience.

25 NEW SECTION. **Sec. 2.** This act takes effect July 1, 2006.

--- END ---