
SENATE BILL 5304

State of Washington

61st Legislature

2009 Regular Session

By Senators Schoesler and Fraser; by request of Select Committee on Pension Policy

Read first time 01/20/09. Referred to Committee on Ways & Means.

1 AN ACT Relating to lowering the general salary increase assumption
2 from 4.5 percent to 4.25 percent for the actuarial funding of the
3 public employees' retirement system, the teachers' retirement system,
4 plan 1 of the law enforcement officers' and firefighters' retirement
5 system, the school employees' retirement system, the public safety
6 employees' retirement system, and the Washington state patrol
7 retirement system; amending RCW 41.45.035; providing an effective date;
8 and declaring an emergency.

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

10 **Sec. 1.** RCW 41.45.035 and 2004 c 93 s 2 are each amended to read
11 as follows:

12 (1) Beginning July 1, 2001, the following long-term economic
13 assumptions shall be used by the state actuary for the purposes of RCW
14 41.45.030:

15 (a) The growth in inflation assumption shall be 3.5 percent;

16 (b) The growth in salaries assumption, exclusive of merit or
17 longevity increases, shall be 4.5 percent;

18 (c) The investment rate of return assumption shall be 8 percent;

19 and

1 (d) The growth in system membership assumption shall be 1.25
2 percent for the public employees' retirement system, the school
3 employees' retirement system, and the law enforcement officers' and
4 firefighters' retirement system. The assumption shall be .90 percent
5 for the teachers' retirement system.

6 (2) Beginning July 1, 2009, the following long-term economic
7 assumption for growth in salaries, exclusive of merit or longevity
8 increases, shall be used by the state actuary for the purposes of RCW
9 41.45.030: 4.25 percent for the public employees' retirement system,
10 the teachers' retirement system, plan 1 of the law enforcement
11 officers' and firefighters' retirement system, the school employees'
12 retirement system, the public safety employees' retirement system, and
13 the Washington state patrol retirement system.

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

28 (b) The state actuary shall periodically review the appropriateness
29 of the asset smoothing method in this section and recommend changes to
30 the legislature as necessary.

31 NEW SECTION. Sec. 2. This act is necessary for the immediate
32 preservation of the public peace, health, or safety, or support of the
33 state government and its existing public institutions, and takes effect
34 July 1, 2009.

--- END ---