CERTIFICATION OF ENROLLMENT

**ENGROSSED SUBSTITUTE SENATE BILL 5294**

Chapter 396, Laws of 2023

68th Legislature

2023 Regular Session

STATE RETIREMENT SYSTEMS—PERS 1 AND TRS 1—ACTUARIAL FUNDING

EFFECTIVE DATE: June 30, 2023

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| Passed by the Senate February 27, 2023Yeas 48 Nays 0DENNY HECK**President of the Senate**Passed by the House April 18, 2023Yeas 97 Nays 0LAURIE JINKINS**Speaker of the House of Representatives** | CERTIFICATEI, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5294** as passed by the Senate and the House of Representatives on the dates hereon set forth.SARAH BANNISTERSecretary |
| Approved May 9, 2023 2:29 PM | May 10, 2023 |
| JAY INSLEE**Governor of the State of Washington** | **Secretary of State** **State of Washington** |

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**ENGROSSED SUBSTITUTE SENATE BILL 5294**

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Passed Legislature - 2023 Regular Session

**State of Washington 68th Legislature 2023 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Rolfes and Van De Wege; by request of Office of Financial Management)

AN ACT Relating to actuarial funding of state retirement systems; amending RCW 41.45.150; amending 2021 c 334 s 747 (uncodified); providing an effective date; and declaring an emergency.

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

**Sec.**  RCW 41.45.150 and 2011 c 362 s 8 are each amended to read as follows:

(1) ((~~Beginning July 1, 2009, and ending June 30, 2015, maximum annual contribution rates are established for the portion of the employer contribution rate for the public employees' retirement system and the public safety employees' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. The maximum rates are:~~

|  |
| --- |
| ~~Fiscal Year ending:~~ |
| ~~2010~~ | ~~2011~~ | ~~2012~~ | ~~2013~~ | ~~2014~~ | ~~2015~~ |
| ~~1.25%~~ | ~~1.25%~~ | ~~3.75%~~ | ~~4.50%~~ | ~~5.25%~~ | ~~6.00%~~ |

~~(2) Beginning September 1, 2009, and ending August 31, 2015, maximum annual contribution rates are established for the portion of the employer contribution rate for the school employees' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. The maximum rates are:~~

|  |
| --- |
| ~~Fiscal Year ending:~~ |
| ~~2010~~ | ~~2011~~ | ~~2012~~ | ~~2013~~ | ~~2014~~ | ~~2015~~ |
| ~~1.25%~~ | ~~1.25%~~ | ~~3.75%~~ | ~~4.50%~~ | ~~5.25%~~ | ~~6.00%~~ |

~~(3) Beginning September 1, 2009, and ending August 31, 2015, maximum annual contribution rates are established for the portion of the employer contribution rate for the teachers' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the teachers' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. The maximum rates are:~~

|  |
| --- |
| ~~Fiscal Year ending:~~ |
| ~~2010~~ | ~~2011~~ | ~~2012~~ | ~~2013~~ | ~~2014~~ | ~~2015~~ |
| ~~2.04%~~ | ~~2.04%~~ | ~~6.50%~~ | ~~7.50%~~ | ~~8.50%~~ | ~~9.50%~~ |

~~(4)~~)) Beginning July 1, 2015, and ending June 30, 2023, a minimum 3.50 percent contribution is established as part of the basic employer contribution rate for the public employees' retirement system and the public safety employees' retirement system, to be used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. ((~~This minimum contribution rate shall remain effective until the actuarial value of assets in plan 1 of the public employees' retirement system equals one hundred percent of the actuarial accrued liability.~~

~~(5)~~)) (2) Beginning September 1, 2015, and ending August 31, 2023 a minimum 3.50 percent contribution is established as part of the basic employer contribution rate for the school employees' retirement system, to be used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. ((~~This minimum contribution rate shall remain effective until the actuarial value of assets in plan 1 of the public employees' retirement system equals one hundred percent of the actuarial accrued liability.~~

~~(6)~~)) (3) Beginning September 1, 2015, and ending August 31, 2023, a minimum 5.75 percent contribution is established as part of the basic employer contribution rate for the teachers' retirement system, to be used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the teachers' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. ((~~This minimum contribution rate shall remain effective until the actuarial value of assets in plan 1 of the teachers' retirement system equals one hundred percent of the actuarial accrued liability.~~

~~(7)~~)) (4)(a) Beginning July 1, 2023, and ending June 30, 2027, the following employer contribution rates shall be in effect for the public employees' retirement system and the public safety employees' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

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| --- |
| Fiscal Year ending: |
| 2024 | 2025 | 2026 | 2027 |
| 2.50% | 2.00% | 1.50% | 0.50% |

(b) Beginning July 1, 2027, a minimum 0.50 percent contribution is established as part of the basic employer contribution rate for the public employees' retirement system and the public safety employees' retirement system, to be used for the sole purpose of amortizing any portion of an unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. This minimum contribution rate shall be in effect when the actuarial value of assets in plan 1 of the public employees' retirement system is less than 100 percent of the actuarial accrued liability.

(5)(a) Beginning September 1, 2023, and ending August 31, 2027, the following employer contribution rates shall be in effect for the school employees' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

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| --- |
| Fiscal Year ending: |
| 2024 | 2025 | 2026 | 2027 |
| 2.50% | 2.00% | 1.50% | 0.50% |

(b) Beginning September 1, 2027, a minimum 0.50 percent contribution is established as part of the basic employer contribution rate for the school employees' retirement system, to be used for the sole purpose of amortizing any portion of an unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. This minimum contribution rate shall be in effect when the actuarial value of assets in plan 1 of the public employees' retirement system is less than 100 percent of the actuarial accrued liability.

(6)(a) Beginning September 1, 2023, and ending August 31, 2027, the following employer contribution rates shall be in effect for the teachers' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the teachers' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

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| --- |
| Fiscal Year ending: |
| 2024 | 2025 | 2026 | 2027 |
| 0.50% | 0.50% | 0.00% | 0.00% |

(b) Beginning September 1, 2027, a minimum 0.50 percent contribution is established as part of the basic employer contribution rate for the teachers' retirement system, to be used for the sole purpose of amortizing any portion of an unfunded actuarial accrued liability in the teachers' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. This minimum contribution rate shall be in effect when the actuarial value of assets in plan 1 of the teachers' retirement system is less than 100 percent of the actuarial accrued liability.

(7) Upon completion of each biennial actuarial valuation, the state actuary shall review the appropriateness of the minimum contribution rates and recommend to the council any adjustments as may be needed due to material changes in benefits or actuarial assumptions, methods, or experience. Any changes adopted by the council shall be subject to revision by the legislature.

**Sec.**  2021 c 334 s 747 (uncodified) is amended to read as follows:

**FOR THE STATE TREASURER—TEACHERS' RETIREMENT SYSTEM PLAN 1 FUND**

General Fund—State Appropriation (FY 2023) ((~~$800,000,000~~))

 $250,000,000

TOTAL APPROPRIATION ((~~$800,000,000~~))

 $250,000,000

The appropriation in this section is subject to the following conditions and limitations: The entire general fund—state appropriation is provided solely for expenditure on June 30, 2023, into the teachers' retirement system plan 1 fund, to be applied to the unfunded actuarial accrued liability.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect June 30, 2023.

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Passed by the Senate February 27, 2023.

Passed by the House April 18, 2023.

Approved by the Governor May 9, 2023.

Filed in Office of Secretary of State May 10, 2023.