

**SUBSTITUTE SENATE BILL 5294**

**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)

READ FIRST TIME 02/21/23.

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

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

5 **Sec. 1.** RCW 41.45.150 and 2011 c 362 s 8 are each amended to  
6 read as follows:

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

Fiscal Year ending:

| 2010  | 2011  | 2012  | 2013  | 2014  | 2015  |
|-------|-------|-------|-------|-------|-------|
| 1.25% | 1.25% | 3.75% | 4.50% | 5.25% | 6.00% |

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

9 ~~Fiscal Year ending:~~

| 10 | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  |
|----|-------|-------|-------|-------|-------|-------|
| 11 | 1.25% | 1.25% | 3.75% | 4.50% | 5.25% | 6.00% |

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

20 ~~Fiscal Year ending:~~

| 21 | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  |
|----|-------|-------|-------|-------|-------|-------|
| 22 | 2.04% | 2.04% | 6.50% | 7.50% | 8.50% | 9.50% |

23 ~~(4)) Beginning July 1, 2015, and ending June 30, 2023, a minimum~~  
24 ~~3.50 percent contribution is established as part of the basic~~  
25 ~~employer contribution rate for the public employees' retirement~~  
26 ~~system and the public safety employees' retirement system, to be used~~  
27 ~~for the sole purpose of amortizing that portion of the unfunded~~  
28 ~~actuarial accrued liability in the public employees' retirement~~  
29 ~~system plan 1 that excludes any amounts required to amortize plan 1~~  
30 ~~benefit improvements effective after June 30, 2009. ((This minimum~~  
31 ~~contribution rate shall remain effective until the actuarial value of~~  
32 ~~assets in plan 1 of the public employees' retirement system equals~~  
33 ~~one hundred percent of the actuarial accrued liability.~~

34 ~~(5)) (2) Beginning September 1, 2015, and ending August 31, 2023~~  
35 ~~a minimum 3.50 percent contribution is established as part of the~~  
36 ~~basic employer contribution rate for the school employees' retirement~~

1 system, to be used for the sole purpose of amortizing that portion of  
2 the unfunded actuarial accrued liability in the public employees'  
3 retirement system plan 1 that excludes any amounts required to  
4 amortize plan 1 benefit improvements effective after June 30, 2009.  
5 ~~((This minimum contribution rate shall remain effective until the  
6 actuarial value of assets in plan 1 of the public employees'  
7 retirement system equals one hundred percent of the actuarial accrued  
8 liability.~~

9 ~~(6))~~ (3) Beginning September 1, 2015, and ending August 31,  
10 2023, a minimum 5.75 percent contribution is established as part of  
11 the basic employer contribution rate for the teachers' retirement  
12 system, to be used for the sole purpose of amortizing that portion of  
13 the unfunded actuarial accrued liability in the teachers' retirement  
14 system plan 1 that excludes any amounts required to amortize plan 1  
15 benefit improvements effective after June 30, 2009. ~~((This minimum  
16 contribution rate shall remain effective until the actuarial value of  
17 assets in plan 1 of the teachers' retirement system equals one  
18 hundred percent of the actuarial accrued liability.~~

19 ~~(7))~~ (4) (a) Beginning July 1, 2023, and ending June 30, 2027,  
20 the following employer contribution rates shall be in effect for the  
21 public employees' retirement system and the public safety employees'  
22 retirement system that is used for the sole purpose of amortizing  
23 that portion of the unfunded actuarial accrued liability in the  
24 public employees' retirement system plan 1 that excludes any amounts  
25 required to amortize plan 1 benefit improvements effective after June  
26 30, 2009.

27 Fiscal Year ending:

| 28 | <u>2024</u>  | <u>2025</u>  | <u>2026</u>  | <u>2027</u>  |
|----|--------------|--------------|--------------|--------------|
| 29 | <u>2.50%</u> | <u>2.00%</u> | <u>1.50%</u> | <u>0.50%</u> |

30 (b) Beginning July 1, 2027, a minimum 0.50 percent contribution  
31 is established as part of the basic employer contribution rate for  
32 the public employees' retirement system and the public safety  
33 employees' retirement system, to be used for the sole purpose of  
34 amortizing any portion of an unfunded actuarial accrued liability in  
35 the public employees' retirement system plan 1 that excludes any  
36 amounts required to amortize plan 1 benefit improvements effective  
37 after June 30, 2009.

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

8 Fiscal Year ending:

| 9  | <u>2024</u>  | <u>2025</u>  | <u>2026</u>  | <u>2027</u>  |
|----|--------------|--------------|--------------|--------------|
| 10 | <u>2.50%</u> | <u>2.00%</u> | <u>1.50%</u> | <u>0.50%</u> |

11 (b) Beginning September 1, 2027, a minimum 0.50 percent  
12 contribution is established as part of the basic employer  
13 contribution rate for the school employees' retirement system, to be  
14 used for the sole purpose of amortizing any portion of an unfunded  
15 actuarial accrued liability in the public employees' retirement  
16 system plan 1 that excludes any amounts required to amortize plan 1  
17 benefit improvements effective after June 30, 2009.

18 (6) (a) Beginning September 1, 2024, and ending August 31, 2027,  
19 the following employer contribution rates shall be in effect for the  
20 teachers' retirement system that is used for the sole purpose of  
21 amortizing that portion of the unfunded actuarial accrued liability  
22 in the teachers' retirement system plan 1 that excludes any amounts  
23 required to amortize plan 1 benefit improvements effective after June  
24 30, 2009.

25 Fiscal Year ending:

| 26 | <u>2024</u>  | <u>2025</u>  | <u>2026</u>  | <u>2027</u>  |
|----|--------------|--------------|--------------|--------------|
| 27 | <u>0.50%</u> | <u>0.50%</u> | <u>0.00%</u> | <u>0.00%</u> |

28 (b) Beginning September 1, 2027, a minimum 0.50 percent  
29 contribution is established as part of the basic employer  
30 contribution rate for the teachers' retirement system, to be used for  
31 the sole purpose of amortizing any portion of an unfunded actuarial  
32 accrued liability in the public employees' retirement system plan 1  
33 that excludes any amounts required to amortize plan 1 benefit  
34 improvements effective after June 30, 2009.

35 (7) Upon completion of each biennial actuarial valuation, the  
36 state actuary shall review the appropriateness of the minimum  
37 contribution rates and recommend to the council any adjustments as

1 may be needed due to material changes in benefits or actuarial  
2 assumptions, methods, or experience. Any changes adopted by the  
3 council shall be subject to revision by the legislature.

4 **Sec. 2.** 2021 c 334 s 747 (uncodified) is amended to read as  
5 follows:

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

|    |                                                     |                                |
|----|-----------------------------------------------------|--------------------------------|
| 7  | General Fund—State Appropriation (FY 2023). . . . . | (( <del>\$800,000,000</del> )) |
| 8  |                                                     | <u>\$250,000,000</u>           |
| 9  | TOTAL APPROPRIATION. . . . .                        | (( <del>\$800,000,000</del> )) |
| 10 |                                                     | <u>\$250,000,000</u>           |

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

16 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
17 preservation of the public peace, health, or safety, or support of  
18 the state government and its existing public institutions, and takes  
19 effect June 30, 2023.

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