

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

Passed by the Senate February 27,  
2023

Yeas 48 Nays 0

DENNY HECK

**President of the Senate**

Passed by the House April 18, 2023

Yeas 97 Nays 0

LAURIE JINKINS

**Speaker of the House of  
Representatives**

Approved May 9, 2023 2:29 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, 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 BANNISTER

**Secretary**

FILED

May 10, 2023

**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)

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. This minimum contribution rate shall be in  
38 effect when the actuarial value of assets in plan 1 of the public

1 employees' retirement system is less than 100 percent of the  
2 actuarial accrued liability.

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

10 Fiscal Year ending:

<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
<u>2.50%</u>	<u>2.00%</u>	<u>1.50%</u>	<u>0.50%</u>

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

23 (6)(a) Beginning September 1, 2023, and ending August 31, 2027,  
24 the following employer contribution rates shall be in effect for the  
25 teachers' retirement system that is used for the sole purpose of  
26 amortizing that portion of the unfunded actuarial accrued liability  
27 in the teachers' retirement system plan 1 that excludes any amounts  
28 required to amortize plan 1 benefit improvements effective after June  
29 30, 2009.

30 Fiscal Year ending:

<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
<u>0.50%</u>	<u>0.50%</u>	<u>0.00%</u>	<u>0.00%</u>

33 (b) Beginning September 1, 2027, a minimum 0.50 percent  
34 contribution is established as part of the basic employer  
35 contribution rate for the teachers' retirement system, to be used for  
36 the sole purpose of amortizing any portion of an unfunded actuarial  
37 accrued liability in the teachers' retirement system plan 1 that

1 excludes any amounts required to amortize plan 1 benefit improvements  
2 effective after June 30, 2009. This minimum contribution rate shall  
3 be in effect when the actuarial value of assets in plan 1 of the  
4 teachers' retirement system is less than 100 percent of the actuarial  
5 accrued liability.

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

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

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

15	General Fund—State Appropriation (FY 2023) . . . . .	(( <del>\$800,000,000</del> ))
16		<u>\$250,000,000</u>
17	TOTAL APPROPRIATION. . . . .	(( <del>\$800,000,000</del> ))
18		<u>\$250,000,000</u>

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

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

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.

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