
SUBSTITUTE SENATE BILL 5085

State of Washington

69th Legislature

2025 Regular Session

By Senate Ways & Means (originally sponsored by Senator Robinson)

READ FIRST TIME 02/18/25.

1 AN ACT Relating to three of Washington state's closed retirement
2 plans; amending RCW 41.50.030, 41.50.075, 41.50.110, 41.32.4992,
3 41.40.1987, 41.45.010, 41.45.020, 41.45.035, 41.45.050, 41.45.060,
4 41.45.070, 41.45.150, 41.45.200, 41.45.203, 41.45.207, 6.15.020,
5 41.04.440, 41.04.445, 41.04.450, 41.04.803, 41.05.320, 41.24.400,
6 41.50.080, 41.50.235, 41.50.255, 41.50.500, 41.54.010, and 41.54.040;
7 reenacting and amending RCW 43.84.092 and 43.84.092; adding a new
8 section to chapter 41.50 RCW; adding new sections to chapter 41.32
9 RCW; adding new sections to chapter 41.40 RCW; adding a new section
10 to chapter 41.26 RCW; adding a new section to chapter 41.35 RCW;
11 adding a new section to chapter 41.37 RCW; adding a new chapter to
12 Title 41 RCW; creating new sections; providing effective dates;
13 providing an expiration date; providing a contingent expiration date;
14 and declaring an emergency.

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

16 NEW SECTION. **Sec. 101.** (1) The legislature finds that the
17 funding for three of its closed retirement plans has become lopsided.

18 (2) The legislature further finds that:

19 (a) In 1969, the state merged local police and fire retirement
20 plans because too many of those plans were insolvent, or soon to be
21 insolvent. An estimate conducted by the legislature that year

1 concluded the combined systems were underfunded by around
2 \$400,000,000.

3 (b) Despite being merged into the law enforcement officers' and
4 firefighters' retirement system (later designated as plan 1 of that
5 system), within seven years the legislature determined that the
6 funding structure for the merged plan was also unsustainable, and
7 closed the plan to new members on September 30, 1977.

8 (c) Though the members and employers each paid a fixed six
9 percent of each employee's pay, the total amount was insufficient to
10 pay the cost of benefits for plan members, and the state paid the
11 remainder of the cost. At its highest level, the state paid more than
12 eight times the nonstate employer and member contributions combined
13 in one year alone. Over time, this contributed to the plan having
14 more assets than is required to fund the members' benefits, and the
15 legislature allowed the members and employers to stop making
16 contributions to the plan beginning June 30, 2000.

17 (d) As of June 30, 2023, the law enforcement officers' and
18 firefighters' retirement system plan 1 is 149 percent funded despite
19 including benefits like a fully indexed cost-of-living adjustment. In
20 fact, the plan is so well funded that in 2022, the legislature
21 granted all benefit recipients a one-time lump sum payment equal to
22 \$100 per service credit month, with a minimum of \$20,000 for any
23 members who retired with a line of duty disability.

24 (e) The history of the teachers' retirement system plan 1 and the
25 public employees' retirement system plan 1 may look similar at first
26 because in most years members and employers each paid a fixed six
27 percent of each employee's pay (with a reduction to the employer
28 rates circa 2002-2007), and this amount was insufficient to pay the
29 liabilities of the plan. However, unlike the law enforcement
30 officers' and firefighters' retirement system plan 1, these plans
31 have had unfunded liabilities for decades. Beginning in 1989, the
32 legislature created an additional contribution rate (colloquially
33 called the "UAAL Rate") directly aimed at paying off this deficit,
34 and bringing both plans up to full funding. This additional
35 contribution rate has been paid exclusively by the employers and the
36 state.

37 (f) As of June 30, 2023, the teachers' retirement system plan 1
38 is 86 percent funded, and the public employees' retirement system
39 plan 1 is 80 percent funded. Neither plan provides an ongoing cost-

1 of-living adjustment unless an individual's benefits are small enough
2 to qualify for minimum benefit increases.

3 (3) The legislature further finds that, so long as member
4 benefits are protected, it is an appropriate use of law enforcement
5 officers' and firefighters' retirement system plan 1 excess funds
6 (particularly state funds and investment returns resulting from those
7 funds) to improve the funded status of the teachers' retirement
8 system plan 1 and the public employees' retirement system plan 1 via
9 a plan merger. To quote the state supreme court, "[A] defined benefit
10 plan entitles the members to a predetermined distribution upon
11 retirement and to an actuarially sound plan to ensure that the plan
12 is adequately funded to meet those distribution requirements. It does
13 not entitle them to any use of the contributions other than to ensure
14 the above entitlements are met." *Retired Pub. Emples. Council of*
15 *Wash. v. Charles*, 148 Wn.2d 602, 616; quoting *Koster v. City of*
16 *Davenport*, 183 F.3d 762, 767.

17 (4) The legislature also finds that a merger would be beneficial
18 to the law enforcement officers' and firefighters' retirement system
19 plan 1 since that plan has no practical funding source. More
20 specifically, current law calls for no contributions to the plan so
21 long as the plan is fully funded. However, if the plan drops below
22 full funding, current law calls for contributions based on a fixed
23 six percent of active employee pay, and there are only seven active
24 employees remaining in the system as of June 30, 2023. This means
25 that in the case of sufficiently unfavorable economic conditions, an
26 unfunded liability could appear in that plan with no method of paying
27 it off except to rely on pay-as-you-go payments from the general
28 fund.

29 (5) Thus, the legislature finds that a merger of these three
30 plans would:

31 (a) Immediately improve the funded status of both the public
32 employees' retirement system plan 1 and the teachers' retirement
33 system plan 1;

34 (b) Provide an ongoing funding source for the law enforcement
35 officers' and firefighters' retirement system plan 1 in case an
36 unfunded actuarial accrued liability emerges in the future, while
37 simultaneously exempting employers of law enforcement officers' and
38 firefighters' retirement system plan 1 members from any future
39 contributions to the plan; and

1 (c) Increase parity in cost-of-living adjustment policy across
2 the closed plans 1 by providing the members of the public employees'
3 retirement system plan 1 and the teachers' retirement system plan 1
4 with new and ongoing cost-of-living adjustments.

5 NEW SECTION. **Sec. 102.** The legislature intends to immediately
6 improve the funded status of the teachers' retirement system plan 1
7 and the public employees' retirement system plan 1 while reiterating
8 its commitment to the on-going funding required to secure benefits
9 promised to members of the law enforcement officers' and
10 firefighters' retirement system plan 1. The legislature intends to
11 accomplish this goal by merging the assets, liabilities, and
12 membership of the three plans. The resulting merged plan will have
13 three tiers of benefits representing each of the plans being merged.

14 The legislature further intends that this merger, as well as any
15 administrative changes necessary to implement the merger, be
16 accomplished in a way that does not negatively impact benefits
17 provided.

18 To fully ensure the protection of benefits, the legislature
19 intends for the following to be accomplished by this act:

20 (1) Members of the law enforcement officers' and firefighters'
21 retirement system plan 1 tier of the merged plan will receive the
22 same benefits from the merged plan as they would have received from
23 their current plan.

24 (2) Members of the teachers' retirement system plan 1 tier of the
25 merged plan will receive the same benefits from the merged plan as
26 they would have received from their current plan. The cost-of-living
27 adjustments in sections 401 and 403 of this act are intended as an
28 additional benefit improvement granted on top of existing benefits,
29 and are not intended as a trade-off for any other impact to benefits.

30 (3) Members of the public employees' retirement system plan 1
31 tier of the merged plan will receive the same benefits from the
32 merged plan as they would have received from their current plan. The
33 cost-of-living adjustments in sections 402 and 404 of this act are
34 intended as an additional benefit improvement granted on top of
35 existing benefits, and are not intended as a trade-off for any other
36 impact to benefits.

37 (4) The merger of these three plans will be administered in a way
38 that is consistent with plan qualification requirements in the
39 federal internal revenue code.

1 NEW SECTION.

2 **Sec. 201.**

3 (1) The assets, liabilities, and
4 membership of the law enforcement officers' and firefighters'
5 retirement system plan 1, the teachers' retirement system plan 1, and
6 the public employees' retirement system plan 1, are hereby merged
7 into a new plan to be called the legacy retirement system.

8 (2) (a) All liabilities of the teachers' retirement system plan 1
9 as defined in chapter 41.32 RCW and as funded pursuant to chapter
10 41.45 RCW, are hereby made liabilities of the legacy retirement
11 system.

12 (b) All benefits payable to the teachers' retirement system plan
13 1 members and beneficiaries pursuant to chapter 41.32 RCW shall be
14 administered as a separate tier of membership and benefits within the
15 legacy retirement system, and all associated benefits are to be paid
16 from the legacy retirement system account established in RCW
17 41.50.075(6).

18 (3) (a) Except as provided in (b) of this subsection, all
19 liabilities of the law enforcement officers' and firefighters'
20 retirement system plan 1, as defined in chapter 41.26 RCW and as
21 funded pursuant to chapter 41.45 RCW, are hereby made liabilities of
22 the legacy retirement system.

23 (b) All medical benefit liabilities for the law enforcement
24 officers' and firefighters' retirement system plan 1 provided
25 pursuant to RCW 41.26.150 remain liabilities of employers, as defined
26 in RCW 41.26.030(14) (a).

27 (c) All benefits, including survivor benefits, payable to members
28 of the law enforcement officers' and firefighters' retirement system
29 plan 1 pursuant to chapter 41.26 RCW, shall be administered as a
30 separate tier of membership and benefits within the legacy retirement
31 system, and all associated benefits are to be paid from the legacy
32 retirement system account established in RCW 41.50.075(6).

33 (4) (a) All liabilities of the public employees' retirement system
34 plan 1 as defined in chapter 41.40 RCW and as funded pursuant to
35 chapter 41.45 RCW are hereby made liabilities of the legacy
36 retirement system.

37 (b) All benefits payable to the public employees' retirement
38 system plan 1 members and beneficiaries pursuant to chapter 41.40
39 RCW, shall be administered as a separate tier of membership and
40 benefits within the legacy retirement system, and all associated
benefits are to be paid from the legacy retirement system account
established in RCW 41.50.075(6).

1 (5) All assets of the teachers' retirement system plan 1, the
2 public employees' retirement system plan 1, and the law enforcement
3 officers' and firefighters' retirement system plan 1 are merged as
4 described in RCW 41.50.075.

5 NEW SECTION. **Sec. 202.** The legacy retirement system consists of
6 three benefit tiers:

7 (1) The law enforcement officers' and firefighters' retirement
8 system plan 1 tier consisting of benefits and funding provisions as
9 provided in chapters 41.26 and 41.45 RCW;

10 (2) The teachers' retirement system plan 1 tier consisting of
11 benefits and funding provisions as provided in chapters 41.32 and
12 41.45 RCW; and

13 (3) The public employees' retirement system plan 1 tier
14 consisting of benefits and funding provisions as provided in chapters
15 41.40 and 41.45 RCW.

16 NEW SECTION. **Sec. 203.** The merger of retirement plans by
17 chapter . . . , Laws of 2025 (this act) does not impact the disability
18 boards established in RCW 41.26.110 or any official action of those
19 boards. The disability benefits of members of the law enforcement
20 officers' and firefighters' retirement system plan 1 prior to the
21 effective date of this section will not be impacted in any way by
22 this merger, and employers, as defined in RCW 41.26.030(14)(a),
23 administering these benefits are instructed to continue to administer
24 benefits unaffected by this act.

25 Similarly, the merger of retirement plans by chapter . . . , Laws
26 of 2025 (this act) does not impact any benefits provided by the city
27 and county police and fire retirement systems that predated the
28 current law enforcement officers' and firefighters' retirement
29 systems under chapters 41.08, 41.12, 41.14, 41.16, 41.18, and 41.20
30 RCW (colloquially referred to as "pre-LEOFF" plans), and all local
31 government entities administering these benefits are instructed to
32 continue administering these benefits unaffected by this act.

33 NEW SECTION. **Sec. 204.** Except as described in sections 401 and
34 404 of this act, chapter . . . , Laws of 2025 (this act) does not
35 alter any benefit incurred under the sections amended or repealed in
36 chapter . . . , Laws of 2025 (this act) or under any rule or order
37 adopted under those sections. If any substantive impacts to benefits

1 occur, it is unintentional, and chapter . . . , Laws of 2025 (this
2 act) should be construed to avoid such impacts.

3 NEW SECTION. **Sec. 301.** A new section is added to chapter 41.50
4 RCW to read as follows:

5 (1) The director is instructed to administer chapter . . . , Laws
6 of 2025 (this act) in such a way that it does not negatively impact
7 benefits for members and eligible survivors of those plans.
8 Specifically, each member of each of these plans is entitled to
9 receive benefits immediately on the effective date of the merger that
10 are at least equal to the benefits the member would have been
11 entitled to receive immediately before the merger in accordance with
12 plan terms. The director may conduct rule making for this purpose as
13 provided in RCW 41.50.050.

14 (2) The director must submit a request for a determination letter
15 from the internal revenue service indicating the qualified status of
16 the merged plan that results from the merger in section 201 of this
17 act.

18 (3) The director must submit a request for a private letter
19 ruling from the internal revenue service indicating there are no tax
20 consequences to any plan members from the merger in section 201 of
21 this act.

22 **Sec. 302.** RCW 41.50.030 and 2011 1st sp.s. c 47 s 20 are each
23 amended to read as follows:

24 (1) As soon as possible but not more than one hundred and eighty
25 days after March 19, 1976, there is transferred to the department of
26 retirement systems, except as otherwise provided in this chapter, all
27 powers, duties, and functions of:

- 28 (a) The Washington public employees' retirement system;
- 29 (b) The Washington state teachers' retirement system;
- 30 (c) The Washington law enforcement officers' and firefighters'
31 retirement system;
- 32 (d) The Washington state patrol retirement system;
- 33 (e) The Washington judicial retirement system; and
- 34 (f) The state treasurer with respect to the administration of the
35 judges' retirement fund imposed pursuant to chapter 2.12 RCW.

36 (2) On July 1, 1996, there is transferred to the department all
37 powers, duties, and functions of the deferred compensation committee.

38 (3) The department shall administer chapter 41.34 RCW.

1 (4) The department shall administer the Washington school
2 employees' retirement system created under chapter 41.35 RCW.

3 (5) The department shall administer the Washington public safety
4 employees' retirement system created under chapter 41.37 RCW.

5 (6) The department shall administer the collection of employer
6 contributions and initial prefunding of the higher education
7 retirement plan supplemental benefits, also referred to as the
8 annuity or retirement income plans created under chapter 28B.10 RCW.

9 (7) The department shall administer the legacy retirement system
10 created under section 201 of this act.

11 **Sec. 303.** RCW 41.50.075 and 2020 c 103 s 5 are each amended to
12 read as follows:

13 ~~(1) ((Two funds are hereby created and established in the state~~
14 ~~treasury to be known as the Washington law enforcement officers' and~~
15 ~~firefighters' system plan 1 retirement fund, and the)) (a) The~~
16 Washington law enforcement officers' and firefighters' system plan 2
17 retirement fund ~~((which))~~ shall consist of all moneys paid ~~((into~~
18 ~~them))~~ in accordance with the provisions of this chapter and chapter
19 41.26 RCW, whether such moneys take the form of cash, securities, or
20 other assets. The ~~((plan 1 fund shall consist of all moneys paid to~~
21 ~~finance the benefits provided to members of the law enforcement~~
22 ~~officers' and firefighters' retirement system plan 1, and the))~~ plan
23 2 fund shall consist of all moneys paid to finance the benefits
24 provided to members of the law enforcement officers' and
25 firefighters' retirement system plan ~~((2))~~.

26 (b) The Washington law enforcement officers' and firefighters'
27 system plan 1 retirement fund is hereby closed, and the assets
28 transferred to the new legacy retirement system account established
29 under subsection (6) of this section.

30 (2)(a) All of the assets of the Washington state teachers'
31 retirement system plans 2 and 3 shall be credited according to the
32 purposes for which they are held, to ((two funds to be maintained in
33 the state treasury, namely, the teachers' retirement system plan 1
34 fund and)) the teachers' retirement system combined plan 2 and 3 fund
35 to be maintained by the state treasury. The ~~((plan 1 fund shall~~
36 ~~consist of all moneys paid to finance the benefits provided to~~
37 ~~members of the Washington state teachers' retirement system plan 1,~~
38 ~~and the))~~ combined plan 2 and 3 fund shall consist of all moneys paid

1 to finance the benefits provided to members of the Washington state
2 teachers' retirement system plan 2 and 3.

3 (b) The teachers' retirement system plan 1 fund is hereby closed,
4 and the assets transferred to the new legacy retirement system
5 account established under subsection (6) of this section.

6 (3) (a) There is hereby established in the state treasury (~~two~~
7 ~~separate funds, namely the public employees' retirement system plan 1~~
8 ~~fund and~~) the public employees' retirement system combined plan 2
9 and plan 3 fund. The (~~plan 1 fund shall consist of all moneys paid~~
10 ~~to finance the benefits provided to members of the public employees'~~
11 ~~retirement system plan 1, and the~~) combined plan 2 and plan 3 fund
12 shall consist of all moneys paid to finance the benefits provided to
13 members of the public employees' retirement system plans 2 and 3.

14 (b) The public employees' retirement system plan 1 fund is hereby
15 closed, and the assets transferred to the new legacy retirement
16 system account established under subsection (6) of this section.

17 (4) There is hereby established in the state treasury the school
18 employees' retirement system combined plan 2 and 3 fund. The combined
19 plan 2 and 3 fund shall consist of all moneys paid to finance the
20 benefits provided to members of the school employees' retirement
21 system plan 2 and plan 3.

22 (5) There is hereby established in the state treasury the public
23 safety employees' retirement system plan 2 fund. The plan 2 fund
24 shall consist of all moneys paid to finance the benefits provided to
25 members of the public safety employees' retirement system plan 2.

26 (6) There is hereby established in the state treasury the legacy
27 retirement system account. The legacy retirement system account shall
28 consist of all moneys paid to finance the benefits provided to
29 members of the teachers' retirement system plan 1, the public
30 employees' retirement system plan 1, and the law enforcement
31 officers' and firefighters' retirement system plan 1 tiers of the
32 legacy retirement system.

33 (7)(a)(i) There is hereby established in the state treasury the
34 higher education retirement plan supplemental benefit fund. The
35 higher education retirement plan supplemental benefit fund shall
36 consist of all moneys paid to finance the benefits provided to
37 members of each of the higher education retirement plans.

38 (ii) The fund in this subsection (~~(6)~~) (7) was originally
39 created under chapter 47, Laws of 2011 1st sp. sess. (Engrossed
40 Substitute House Bill No. 1981).

1 (b) The office of financial management must create individual
2 accounts for each institution of higher education within the higher
3 education retirement plan supplemental benefit fund. For fiscal year
4 2021, the office of financial management must transfer all the assets
5 of the higher education retirement plan supplemental benefit fund
6 into the individual accounts for each institution that will be used
7 to manage the accounting for each benefit plan. The higher education
8 retirement plan supplemental benefit fund will include all the
9 amounts in the individual accounts created in this subsection.

10 **Sec. 304.** RCW 41.50.110 and 2015 3rd sp.s. c 4 s 951 are each
11 amended to read as follows:

12 (1) Except as provided by RCW 41.50.255 and subsection (6) of
13 this section, all expenses of the administration of the department,
14 the expenses of administration of the retirement systems, and the
15 expenses of the administration of the office of the state actuary
16 created in chapters 2.10, 2.12, 28B.10, 41.26, 41.32, 41.40, 41.34,
17 41.35, 41.37, 41.--- RCW (the new chapter created in section 701 of
18 this act), 43.43, and 44.44 RCW shall be paid from the department of
19 retirement systems expense fund.

20 (2) In order to reimburse the department of retirement systems
21 expense fund on an equitable basis the department shall ascertain and
22 report to each employer, as defined in chapter 41.--- RCW (the new
23 chapter created in section 701 of this act) or RCW 28B.10.400,
24 41.26.030, 41.32.010, 41.35.010, 41.37.010, or 41.40.010, the sum
25 necessary to defray its proportional share of the entire expense of
26 the administration of the retirement system that the employer
27 participates in during the ensuing biennium or fiscal year whichever
28 may be required. Such sum is to be computed in an amount directly
29 proportional to the estimated entire expense of the administration as
30 the ratio of monthly salaries of the employer's members bears to the
31 total salaries of all members in the entire system. It shall then be
32 the duty of all such employers to include in their budgets or
33 otherwise provide the amounts so required.

34 (3) The department shall compute and bill each employer, as
35 defined in chapter 41.--- RCW (the new chapter created in section 701
36 of this act) or RCW 28B.10.400, 41.26.030, 41.32.010, 41.35.010,
37 41.37.010, or 41.40.010, at the end of each month for the amount due
38 for that month to the department of retirement systems expense fund
39 and the same shall be paid as are its other obligations. Such

1 computation as to each employer shall be made on a percentage rate of
2 salary established by the department. However, the department may at
3 its discretion establish a system of billing based upon calendar year
4 quarters in which event the said billing shall be at the end of each
5 such quarter.

6 (4) The director may adjust the expense fund contribution rate
7 for each system at any time when necessary to reflect unanticipated
8 costs or savings in administering the department.

9 (5) An employer who fails to submit timely and accurate reports
10 to the department may be assessed an additional fee related to the
11 increased costs incurred by the department in processing the
12 deficient reports. Fees paid under this subsection shall be deposited
13 in the retirement system expense fund.

14 (a) Every six months the department shall determine the amount of
15 an employer's fee by reviewing the timeliness and accuracy of the
16 reports submitted by the employer in the preceding six months. If
17 those reports were not both timely and accurate the department may
18 prospectively assess an additional fee under this subsection.

19 (b) An additional fee assessed by the department under this
20 subsection shall not exceed fifty percent of the standard fee.

21 (c) The department shall adopt rules implementing this section.

22 (6) Expenses other than those under RCW 41.34.060(4) shall be
23 paid pursuant to subsection (1) of this section.

24 (7) During the 2009-2011 and 2011-2013 fiscal biennia, the
25 legislature may transfer from the department of retirement systems'
26 expense fund to the state general fund such amounts as reflect the
27 excess fund balance of the fund. During the 2015-2017 fiscal
28 biennium, state contributions to the judicial retirement system may
29 be made in part by appropriations from the department of retirement
30 systems expense fund.

31 **Sec. 401.** RCW 41.32.4992 and 2024 c 255 s 1 are each amended to
32 read as follows:

33 (1) Beneficiaries who are receiving a monthly benefit from the
34 teachers' retirement system plan 1 on July 1, 2017, shall receive,
35 effective July 1, 2018, an increase to their monthly benefit of one
36 and one-half percent multiplied by the beneficiaries' monthly
37 benefit, not to exceed \$62.50.

38 (2) Beneficiaries who are receiving a monthly benefit from the
39 teachers' retirement system plan 1 on July 1, 2019, shall receive,

1 effective July 1, 2020, an increase to their monthly benefit of three
2 percent multiplied by the beneficiaries' monthly benefit, not to
3 exceed \$62.50.

4 (3) Beneficiaries who are receiving a monthly benefit from the
5 teachers' retirement system plan 1 on July 1, 2021, shall receive,
6 effective July 1, 2022, an increase to their monthly benefit of three
7 percent multiplied by the beneficiaries' monthly benefit, not to
8 exceed \$110.00.

9 (4) Beneficiaries who are receiving a monthly benefit from the
10 teachers' retirement system plan 1 on July 1, 2022, shall receive,
11 effective July 1, 2023, an increase to their monthly benefit of three
12 percent multiplied by the beneficiaries' monthly benefit, not to
13 exceed \$110.00.

14 (5) Beneficiaries who are receiving a monthly benefit from the
15 teachers' retirement system plan 1 on July 1, 2023, shall receive,
16 effective July 1, 2024, an increase to their monthly benefit of three
17 percent multiplied by the beneficiaries' monthly benefit, not to
18 exceed \$110.00.

19 (6) Beneficiaries who are receiving a monthly benefit from the
20 teachers' retirement system plan 1 on July 1, 2024, shall receive,
21 effective July 1, 2025, an increase to their monthly benefit of three
22 percent multiplied by the beneficiaries' monthly benefit.

23 (7) This section does not apply to those receiving benefits
24 pursuant to RCW 41.32.489 or 41.32.540.

25 **Sec. 402.** RCW 41.40.1987 and 2024 c 255 s 2 are each amended to
26 read as follows:

27 (1) Beneficiaries who are receiving a monthly benefit from the
28 public employees' retirement system plan 1 on July 1, 2017, shall
29 receive, effective July 1, 2018, an increase to their monthly benefit
30 of one and one-half percent multiplied by the beneficiaries' monthly
31 benefit, not to exceed \$62.50.

32 (2) Beneficiaries who are receiving a monthly benefit from the
33 public employees' retirement system plan 1 on July 1, 2019, shall
34 receive, effective July 1, 2020, an increase to their monthly benefit
35 of three percent multiplied by the beneficiaries' monthly benefit,
36 not to exceed \$62.50.

37 (3) Beneficiaries who are receiving a monthly benefit from the
38 public employees' retirement system plan 1 on July 1, 2021, shall
39 receive, effective July 1, 2022, an increase to their monthly benefit

1 of three percent multiplied by the beneficiaries' monthly benefit,
2 not to exceed \$110.00.

3 (4) Beneficiaries who are receiving a monthly benefit from the
4 public employees' retirement system plan 1 on July 1, 2022, shall
5 receive, effective July 1, 2023, an increase to their monthly benefit
6 of three percent multiplied by the beneficiaries' monthly benefit,
7 not to exceed \$110.00.

8 (5) Beneficiaries who are receiving a monthly benefit from the
9 public employees' retirement system plan 1 on July 1, 2023, shall
10 receive, effective July 1, 2024, an increase to their monthly benefit
11 of three percent multiplied by the beneficiaries' monthly benefit,
12 not to exceed \$110.00.

13 (6) Beneficiaries who are receiving a monthly benefit from the
14 public employees' retirement system plan 1 on July 1, 2024, shall
15 receive, effective July 1, 2025, an increase to their monthly benefit
16 of three percent multiplied by the beneficiaries' monthly benefit.

17 (7) This section does not apply to those receiving benefits
18 pursuant to RCW 41.40.1984.

19 NEW SECTION. **Sec. 403.** A new section is added to chapter 41.32
20 RCW to read as follows:

21 (1) Beginning July 1, 2026, and every year thereafter, the
22 department shall determine the following information for each plan 1
23 retired member or beneficiary whose retirement allowance has been in
24 effect for at least one year:

25 (a) The original dollar amount of the retirement allowance as of
26 June 30, 2026, or the effective date of retirement, whichever is
27 later;

28 (b) The index for the calendar year prior to July 1, 2025, or the
29 effective date of the retirement allowance, whichever is later, to be
30 known as "index A";

31 (c) The index for the calendar year prior to the date of
32 determination, to be known as "index B"; and

33 (d) The ratio obtained when index B is divided by index A.

34 (2) The value of the ratio obtained is the annual adjustment to
35 the original retirement allowance and must be applied beginning with
36 the July payment. In no event, however, may the annual adjustment:

37 (a) Produce a retirement allowance which is lower than the
38 original retirement allowance;

39 (b) Exceed three percent in the initial annual adjustment; or

1 (c) Differ from the previous year's annual adjustment by more
2 than three percent.

3 (3) For the purposes of this section, "index" means, for any
4 calendar year, that year's average consumer price index, Seattle,
5 Washington area, or urban wage earners and clerical workers, all
6 items, compiled by the bureau of labor statistics, United States
7 department of labor.

8 (4) This section does not apply to members or beneficiaries
9 receiving benefits pursuant to RCW 41.32.489 or 41.32.540.

10 NEW SECTION. **Sec. 404.** A new section is added to chapter 41.40
11 RCW to read as follows:

12 (1) Beginning July 1, 2026, and every year thereafter, the
13 department shall determine the following information for each plan 1
14 retired member or beneficiary whose retirement allowance has been in
15 effect for at least one year:

16 (a) The original dollar amount of the retirement allowance as of
17 June 30, 2026, or the effective date of retirement, whichever is
18 later;

19 (b) The index for the calendar year prior to July 1, 2025, or the
20 effective date of the retirement allowance, whichever is later, to be
21 known as "index A";

22 (c) The index for the calendar year prior to the date of
23 determination, to be known as "index B"; and

24 (d) The ratio obtained when index B is divided by index A.

25 (2) The value of the ratio obtained is the annual adjustment to
26 the original retirement allowance and must be applied beginning with
27 the July payment. In no event, however, may the annual adjustment:

28 (a) Produce a retirement allowance which is lower than the
29 original retirement allowance;

30 (b) Exceed three percent in the initial annual adjustment; or

31 (c) Differ from the previous year's annual adjustment by more
32 than three percent.

33 (3) For the purposes of this section, "index" means, for any
34 calendar year, that year's average consumer price index, Seattle,
35 Washington area, for urban wage earners and clerical workers, all
36 items, compiled by the bureau of labor statistics, United States
37 department of labor.

38 (4) This section does not apply to members or beneficiaries
39 receiving benefits pursuant to RCW 41.40.1984.

1 **Sec. 501.** RCW 41.45.010 and 2009 c 561 s 1 are each amended to
2 read as follows:

3 It is the intent of the legislature to provide a dependable and
4 systematic process for funding the benefits provided to members and
5 retirees of the public employees' retirement system, chapter 41.40
6 RCW; the teachers' retirement system, chapter 41.32 RCW; the law
7 enforcement officers' and firefighters' retirement systems, chapter
8 41.26 RCW; the school employees' retirement system, chapter 41.35
9 RCW; the public safety employees' retirement system, chapter 41.37
10 RCW; and the Washington state patrol retirement system, chapter 43.43
11 RCW.

12 The funding process established by this chapter is intended to
13 achieve the following goals:

14 (1) To fully fund the public employees' retirement system plans 2
15 and 3, the teachers' retirement system plans 2 and 3, the school
16 employees' retirement system plans 2 and 3, the public safety
17 employees' retirement system plan 2, and the law enforcement
18 officers' and firefighters' retirement system plan 2 as provided by
19 law;

20 ~~(2) ((To fully amortize the total costs of the law enforcement~~
21 ~~officers' and firefighters' retirement system plan 1, not later than~~
22 ~~June 30, 2024;~~

23 ~~(3) To fully amortize the unfunded actuarial accrued liability in~~
24 ~~the public employees' retirement system plan 1 and the teachers'~~
25 ~~retirement system plan 1 within a rolling ten-year period, using~~
26 ~~methods and assumptions that balance needs for increased benefit~~
27 ~~security, decreased contribution rate volatility, and affordability~~
28 ~~of pension contribution rates;~~

29 ~~(4))~~ To establish long-term employer contribution rates which
30 will remain a relatively predictable proportion of the future state
31 budgets; and

32 ~~((5))~~ (3) To fund, to the extent feasible, all benefits for
33 plan 2 and 3 members over the working lives of those members so that
34 the cost of those benefits are paid by the taxpayers who receive the
35 benefit of those members' service.

36 **Sec. 502.** RCW 41.45.020 and 2006 c 365 s 1 are each amended to
37 read as follows:

38 As used in this chapter, the following terms have the meanings
39 indicated unless the context clearly requires otherwise.

1 (1) "Council" means the pension funding council created in RCW
2 41.45.100.

3 (2) "Department" means the department of retirement systems.

4 (3) "Law enforcement officers' and firefighters' retirement
5 system plan 1" and "law enforcement officers' and firefighters'
6 retirement system plan 2" means the benefits and funding provisions
7 under chapter 41.26 RCW.

8 (4) "Public employees' retirement system plan 1," "public
9 employees' retirement system plan 2," and "public employees'
10 retirement system plan 3" mean the benefits and funding provisions
11 under chapter 41.40 RCW.

12 (5) "Teachers' retirement system plan 1," "teachers' retirement
13 system plan 2," and "teachers' retirement system plan 3" mean the
14 benefits and funding provisions under chapter 41.32 RCW.

15 (6) "School employees' retirement system plan 2" and "school
16 employees' retirement system plan 3" mean the benefits and funding
17 provisions under chapter 41.35 RCW.

18 (7) "Washington state patrol retirement system" means the
19 retirement benefits provided under chapter 43.43 RCW.

20 (8) "Unfunded liability" means the unfunded actuarial accrued
21 liability of a retirement system.

22 (9) "Actuary" or "state actuary" means the state actuary employed
23 under chapter 44.44 RCW.

24 (10) "State retirement systems" means the retirement systems
25 listed in RCW 41.50.030.

26 (11) "Classified employee" means a member of the Washington
27 school employees' retirement system plan 2 or plan 3 as defined in
28 RCW 41.35.010.

29 (12) "Teacher" means a member of the teachers' retirement system
30 as defined in RCW 41.32.010(~~(+15)~~).

31 (13) "Select committee" means the select committee on pension
32 policy created in RCW 41.04.276.

33 (14) "Actuarial value of assets" means the value of pension plan
34 investments and other property used by the actuary for the purpose of
35 an actuarial valuation.

36 (15) "Public safety employees' retirement system plan 2" means
37 the benefits and funding provisions established under chapter 41.37
38 RCW.

1 (16) "Normal cost" means the portion of the actuarial present
2 value of projected benefits and expenses that is allocated to a
3 period, typically twelve months, under the actuarial cost method.

4 (17) "Legacy retirement system" means the benefits and funding
5 provisions under chapter 41.--- RCW (the new chapter created in
6 section 701 of this act).

7 **Sec. 503.** RCW 41.45.035 and 2016 sp.s. c 36 s 922 are each
8 amended to read as follows:

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

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

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

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

16 (d) The growth in system membership assumption shall be 1.25
17 percent for the public employees' retirement system, the public
18 safety employees' retirement system, the school employees' retirement
19 system, and the law enforcement officers' and firefighters'
20 retirement system. The assumption shall be .90 percent for the
21 teachers' retirement system; and

22 (e) From July 1, 2016, until July 1, 2017, the growth in system
23 membership for the teachers' retirement system shall be 1.25 percent.
24 It is the intent of the legislature to continue this growth rate
25 assumption in the 2017-2019 fiscal biennium.

26 (2) Beginning July 1, 2009, the growth in salaries assumption for
27 the public employees' retirement system, the public safety employees'
28 retirement system, the teachers' retirement system, the school
29 employees' retirement system, (~~(plan 1 of the law enforcement~~
30 ~~officers' and firefighters')~~) the legacy retirement system, and the
31 Washington state patrol retirement system, exclusive of merit or
32 longevity increases, shall be the sum of:

33 (a) The growth in inflation assumption in subsection (1)(a) of
34 this section; and

35 (b) The productivity growth assumption of 0.5 percent.

36 (3) The following investment rate of return assumptions for the
37 public employees' retirement system, the public safety employees'
38 retirement system, the teachers' retirement system, the school
39 employees' retirement system, (~~(plan 1 of the law enforcement~~

1 ~~officers' and firefighters')~~) the legacy retirement system, and the
2 Washington state patrol retirement system, shall be used by the state
3 actuary for the purposes of RCW 41.45.030:

4 (a) Beginning July 1, 2013, the investment rate of return
5 assumption shall be 7.9 percent.

6 (b) Beginning July 1, 2015, the investment rate of return
7 assumption shall be 7.8 percent.

8 (c) Beginning July 1, 2017, the investment rate of return
9 assumption shall be 7.7 percent.

10 (d) For valuation purposes, the state actuary shall only use the
11 assumptions in (a) through (c) of this subsection after the effective
12 date in (a) through (c) of this subsection.

13 (e) By June 1, 2017, the state actuary shall submit to the
14 council information regarding the experience and financial condition
15 of each state retirement system, and make recommendations regarding
16 the long-term investment rate of return assumptions set forth in this
17 subsection. The council shall review this and such other information
18 as it may require.

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

33 (b) The state actuary shall periodically review the
34 appropriateness of the asset smoothing method in this section and
35 recommend changes to the council as necessary. Any changes adopted by
36 the council shall be subject to revision by the legislature.

37 **Sec. 504.** RCW 41.45.050 and 2020 c 103 s 3 are each amended to
38 read as follows:

1 (1) Employers of members of the public employees' retirement
2 system, the teachers' retirement system, the school employees'
3 retirement system, the public safety employees' retirement system,
4 the Washington state patrol retirement system, and the higher
5 education retirement plans shall make contributions to those systems
6 and plans based on the rates established in RCW 41.45.060 and
7 41.45.070.

8 (2) The state shall make contributions to the law enforcement
9 officers' and firefighters' retirement system plan 2 based on the
10 rates established in RCW 41.45.060 and 41.45.070. The state treasurer
11 shall transfer the required contributions each month on the basis of
12 salary data provided by the department.

13 (3) The department shall bill employers, and the state shall make
14 contributions to the law enforcement officers' and firefighters'
15 retirement system plan 2, using the combined rates established in RCW
16 41.45.060 and 41.45.070 regardless of the level of appropriation
17 provided in the biennial budget. Any member of an affected retirement
18 system may, by mandamus or other appropriate proceeding, require the
19 transfer and payment of funds as directed in this section.

20 (4) The contributions received for the public employees'
21 retirement system shall be allocated between the former public
22 employees' retirement system plan 1 fund (now the legacy retirement
23 system account under section 201 of this act) and the public
24 employees' retirement system combined plan 2 and plan 3 fund as
25 follows: The contributions necessary to fully fund the public
26 employees' retirement system combined plan 2 and plan 3 employer
27 contribution shall first be deposited in the public employees'
28 retirement system combined plan 2 and plan 3 fund. All remaining
29 public employees' retirement system employer contributions shall be
30 deposited in the ((~~public employees' retirement system plan 1 fund~~))
31 legacy retirement system account.

32 (5) The contributions received for the teachers' retirement
33 system shall be allocated between the former plan 1 fund and the
34 combined plan 2 and plan 3 fund as follows: The contributions
35 necessary to fully fund the combined plan 2 and plan 3 employer
36 contribution shall first be deposited in the combined plan 2 and plan
37 3 fund. All remaining teachers' retirement system employer
38 contributions shall be deposited in the ((~~plan 1 fund~~)) legacy
39 retirement system account.

1 (6) The contributions received for the school employees'
2 retirement system shall be allocated between the former public
3 employees' retirement system plan 1 fund (now the legacy retirement
4 system account under section 201 of this act) and the school
5 employees' retirement system combined plan 2 and plan 3 fund as
6 follows: The contributions necessary to fully fund the combined plan
7 2 and plan 3 employer contribution shall first be deposited in the
8 combined plan 2 and plan 3 fund. All remaining school employees'
9 retirement system employer contributions shall be deposited in the
10 (~~public employees' retirement system plan 1 fund~~) legacy retirement
11 system account.

12 (7) The contributions received for the law enforcement officers'
13 and firefighters' retirement system plan 2 shall be deposited in the
14 law enforcement officers' and firefighters' retirement system plan 2
15 fund.

16 (8) The contributions received for the public safety employees'
17 retirement system shall be allocated between the former public
18 employees' retirement system plan 1 fund (now the legacy retirement
19 system account under section 201 of this act) and the public safety
20 employees' retirement system plan 2 fund as follows: The
21 contributions necessary to fully fund the plan 2 employer
22 contribution shall first be deposited in the plan 2 fund. All
23 remaining public safety employees' retirement system employer
24 contributions shall be deposited in the (~~public employees'~~
25 ~~retirement system plan 1 fund~~) legacy retirement system account.

26 (9) The contributions received for the higher education
27 retirement plan supplemental benefit fund shall be deposited in the
28 higher education retirement plan supplemental benefit fund and
29 amounts received from each institution accounted for separately and
30 shall only be used to make benefit payments to the beneficiaries of
31 that institution's plan.

32 **Sec. 505.** RCW 41.45.060 and 2020 c 103 s 4 are each amended to
33 read as follows:

34 (1) The state actuary shall provide preliminary actuarial
35 valuation results based on the economic assumptions and asset value
36 smoothing technique included in RCW 41.45.035 or adopted under RCW
37 41.45.030 or 41.45.035.

38 (2) Not later than July 31, 2008, and every two years thereafter,
39 consistent with the economic assumptions and asset value smoothing

1 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or
2 41.45.035, the council shall adopt and may make changes to:

3 (a) (~~(A basic state contribution rate for the law enforcement~~
4 ~~officers' and firefighters' retirement system plan 1;~~

5 ~~(b))~~) Basic employer contribution rates for the public employees'
6 retirement system, the teachers' retirement system, the school
7 employees' retirement system, the public safety employees' retirement
8 system, and the Washington state patrol retirement system; and

9 (~~(c) Basic employer contribution rates for the school employees'~~
10 ~~retirement system and the public safety employees' retirement system~~
11 ~~for funding both those systems and the public employees' retirement~~
12 ~~system plan 1)) (b) Basic employer contribution rates for the legacy
13 retirement system.~~

14 The council may adopt annual rate changes for any plan for any
15 rate-setting period. The contribution rates adopted by the council
16 shall be subject to revision by the legislature.

17 (3) The employer and state contribution rates adopted by the
18 council shall be the level percentages of pay that are needed:

19 (a) (~~(To fully amortize the total costs of the law enforcement~~
20 ~~officers' and firefighters' retirement system plan 1 not later than~~
21 ~~June 30, 2024;~~

22 ~~(b))~~) To fully fund the public employees' retirement system plans
23 2 and 3, the teachers' retirement system plans 2 and 3, the public
24 safety employees' retirement system plan 2, and the school employees'
25 retirement system plans 2 and 3 in accordance with RCW 41.45.061,
26 41.45.067, and this section; and

27 (~~(c))~~) (b) To fully fund the (~~(public employees' retirement~~
28 ~~system plan 1 and the teachers')~~) legacy retirement system (~~(plan 1)~~)
29 in accordance with RCW 41.45.070, 41.45.150, and this section.

30 (4) The aggregate actuarial cost method shall be used to
31 calculate a combined plan 2 and 3 normal cost, a Washington state
32 patrol retirement system normal cost, and a public safety employees'
33 retirement system normal cost.

34 (5) A modified entry age normal cost method, as set forth in this
35 chapter, shall be used to calculate employer contributions to the
36 (~~(public employees')~~) legacy retirement system (~~(plan 1 and the~~
37 ~~teachers' retirement system plan 1)~~) as described in subsection (13)
38 of this section.

1 (6) The employer contribution rate for the public employees'
2 retirement system and the school employees' retirement system shall
3 equal the sum of:

4 (a) The amount required to pay the combined plan 2 and plan 3
5 normal cost for the system, subject to any minimum rates applied
6 pursuant to RCW 41.45.155; plus

7 (b) The amount required to (~~amortize the unfunded actuarial~~
8 ~~accrued liability in plan 1 of the public employees'~~) fund the
9 legacy retirement system (~~over a rolling ten-year period using~~
10 ~~projected future salary growth and growth in system membership, and~~
11 ~~subject to any minimum or maximum rates applied pursuant to RCW~~
12 ~~41.45.150; plus~~

13 ~~(c) The amounts required to amortize the costs of any benefit~~
14 ~~improvements in plan 1 of the public employees' retirement system~~
15 ~~that become effective after June 30, 2009. The cost of each benefit~~
16 ~~improvement shall be amortized over a fixed ten-year period using~~
17 ~~projected future salary growth and growth in system membership. The~~
18 ~~amounts required under this subsection are not subject to, and are~~
19 ~~collected in addition to, any minimum or maximum rates applied~~
20 ~~pursuant to RCW 41.45.150)) as described in subsection (13) of this~~
21 section.

22 (7) The employer contribution rate for the public safety
23 employees' retirement system shall equal the sum of:

24 (a) The amount required to pay the normal cost for the system,
25 subject to any minimum rates applied pursuant to RCW 41.45.155; plus

26 (b) The amount required to (~~amortize the unfunded actuarial~~
27 ~~accrued liability in plan 1 of the public employees'~~) fund the
28 legacy retirement system (~~over a rolling ten-year period using~~
29 ~~projected future salary growth and growth in system membership, and~~
30 ~~subject to any minimum or maximum rates applied pursuant to RCW~~
31 ~~41.45.150; plus~~

32 ~~(c) The amounts required to amortize the costs of any benefit~~
33 ~~improvements in plan 1 of the public employees' retirement system~~
34 ~~that become effective after June 30, 2009. The cost of each benefit~~
35 ~~improvement shall be amortized over a fixed ten-year period using~~
36 ~~projected future salary growth and growth in system membership. The~~
37 ~~amounts required under this subsection are not subject to, and are~~
38 ~~collected in addition to, any minimum or maximum rates applied~~
39 ~~pursuant to RCW 41.45.150)) as described in subsection (13) of this~~
40 section.

1 (8) The employer contribution rate for the teachers' retirement
2 system shall equal the sum of:

3 (a) The amount required to pay the combined plan 2 and plan 3
4 normal cost for the system, subject to any minimum rates applied
5 pursuant to RCW 41.45.155; plus

6 (b) The amount required to (~~amortize the unfunded actuarial~~
7 ~~accrued liability in plan 1 of the teachers')~~) fund the legacy
8 retirement system (~~over a rolling ten-year period using projected~~
9 ~~future salary growth and growth in system membership, and subject to~~
10 ~~any minimum or maximum rates applied pursuant to RCW 41.45.150; plus~~

11 ~~(c) The amounts required to amortize the costs of any benefit~~
12 ~~improvements in plan 1 of the teachers' retirement system that become~~
13 ~~effective after June 30, 2009. The cost of each benefit improvement~~
14 ~~shall be amortized over a fixed ten-year period using projected~~
15 ~~future salary growth and growth in system membership. The amounts~~
16 ~~required under this subsection are not subject to, and are collected~~
17 ~~in addition to, any minimum or maximum rates applied pursuant to RCW~~
18 ~~41.45.150)) as described in subsection (13) of this section.~~

19 (9) The employer contribution rate for each of the institutions
20 of higher education for the higher education supplemental retirement
21 benefits must be sufficient to fund, as a level percentage of pay, a
22 portion of the projected cost of the supplemental retirement benefits
23 for the institution beginning in 2035, with the other portion
24 supported on a pay-as-you-go basis, either as direct payments by each
25 institution to retirees, or as contributions to the higher education
26 retirement plan supplemental benefit fund. Contributions must
27 continue until the council determines that the institution for higher
28 education supplemental retirement benefit liabilities are satisfied.

29 (10) The council shall immediately notify the directors of the
30 office of financial management and department of retirement systems
31 of the state and employer contribution rates adopted. The rates shall
32 be effective for the ensuing biennial period, subject to any
33 legislative modifications.

34 (11) The director shall collect those rates adopted by the
35 council. The rates established in RCW 41.45.062, or by the council,
36 shall be subject to revision by the legislature.

37 (12) The state actuary shall prepare final actuarial valuation
38 results based on the economic assumptions, asset value smoothing
39 technique, and contribution rates included in or adopted under RCW
40 41.45.030, 41.45.035, and this section.

1 (13) The contribution rate for the legacy retirement system
2 charged to employers of the public employees' retirement system, the
3 teachers' retirement system, the school employees' retirement system,
4 and the public safety retirement system shall equal the sum of:

5 (a) The amount required to fund the legacy retirement system over
6 a rolling 10-year period using projected future salary growth and
7 growth in system membership, and subject to any minimum or maximum
8 rates applied pursuant to RCW 41.45.150; plus

9 (b) The amounts required to amortize the costs of any benefit
10 improvements in the legacy retirement system that become effective
11 after July 1, 2027. The cost of each benefit improvement shall be
12 amortized over a fixed 10-year period using projected future salary
13 growth and growth in system membership. The amounts required under
14 this subsection are not subject to, and are collected in addition to,
15 any minimum or maximum rates applied pursuant to RCW 41.45.150.

16 **Sec. 506.** RCW 41.45.070 and 2009 c 561 s 4 are each amended to
17 read as follows:

18 (1) In addition to the basic employer contribution rate
19 established in RCW 41.45.060 or 41.45.054, the department shall also
20 charge employers of public employees' retirement system, teachers'
21 retirement system, school employees' retirement system, public safety
22 employees' retirement system, legacy retirement system, or Washington
23 state patrol retirement system members an additional supplemental
24 rate to pay for the cost of additional benefits, if any, granted to
25 members of those systems. Except as provided in subsections (6), (7),
26 and (9) of this section, the supplemental contribution rates required
27 by this section shall be calculated by the state actuary and shall be
28 charged regardless of language to the contrary contained in the
29 statute which authorizes additional benefits.

30 (2) In addition to the basic member, employer, and state
31 contribution rate established in RCW 41.45.0604 for the law
32 enforcement officers' and firefighters' retirement system plan 2, the
33 department shall also establish supplemental rates to pay for the
34 cost of additional benefits, if any, granted to members of the law
35 enforcement officers' and firefighters' retirement system plan 2.
36 Except as provided in subsection (6) of this section, these
37 supplemental rates shall be calculated by the actuary retained by the
38 law enforcement officers' and firefighters' board and the state
39 actuary through the process provided in RCW 41.26.720(1)(a) and the

1 state treasurer shall transfer the additional required contributions
2 regardless of language to the contrary contained in the statute which
3 authorizes the additional benefits.

4 (3) (a) Beginning July 1, 2009, and continuing until the effective
5 date of this section, the supplemental rate charged under this
6 section to fund benefit increases provided to active members of the
7 public employees' retirement system plan 1 and the teachers'
8 retirement system plan 1 shall be calculated as the level percentage
9 of all system pay needed to fund the cost of the benefit over a fixed
10 ten-year period, using projected future salary growth and growth in
11 system membership. The supplemental rate to fund benefit increases
12 provided to active members of the public employees' retirement system
13 plan 1 shall be charged to all system employers in the public
14 employees' retirement system, the school employees' retirement
15 system, and the public safety employees' retirement system. The
16 supplemental rate to fund benefit increases provided to active
17 members of the teachers' retirement system plan 1 shall be charged to
18 all system employers in the teachers' retirement system.

19 (b) The supplemental rates charged to all system employers in the
20 public employees' retirement system, the school employees' retirement
21 system, the public safety employees' retirement system, and the
22 teachers' retirement system shall be zero percent beginning in fiscal
23 year 2026.

24 (c) Beginning on the effective date of this section, the
25 supplemental rate charged under this section to fund benefit
26 increases provided to members of the legacy retirement system shall
27 be calculated as the level percentage of all system pay needed to
28 fund the cost of the benefit over a fixed 10-year period, using
29 projected future salary growth and growth in system membership. The
30 supplemental rate to fund benefit increases provided to members of
31 the legacy retirement system shall be charged to all system employers
32 in the public employees' retirement system, the school employees'
33 retirement system, the public safety employees' retirement system,
34 and the teachers' retirement system.

35 (4) The supplemental rate charged under this section to fund
36 benefit increases provided to active and retired members of the
37 public employees' retirement system plan 2 and plan 3, the teachers'
38 retirement system plan 2 and plan 3, the public safety employees'
39 retirement system plan 2, the school employees' retirement system
40 plan 2 and plan 3, or the Washington state patrol retirement system

1 shall be calculated as the level percentage of all members' pay
2 needed to fund the cost of the benefit, as calculated under RCW
3 41.45.060, 41.45.061, 41.45.0631, or 41.45.067.

4 (5) The supplemental rate charged under this section to fund
5 postretirement adjustments which are provided on a nonautomatic basis
6 to current retirees shall be calculated as the percentage of pay
7 needed to fund the adjustments as they are paid to the retirees.
8 Beginning July 1, 2009, until the effective date of this section, the
9 supplemental rate charged under this section to fund increases in the
10 automatic postretirement adjustments for active or retired members of
11 the public employees' retirement system plan 1 and the teachers'
12 retirement system plan 1 shall be calculated as the level percentage
13 of pay needed to fund the cost of the automatic adjustments over a
14 fixed ten-year period, using projected future salary growth and
15 growth in system membership. The supplemental rate to fund increases
16 in the automatic postretirement adjustments for active members or
17 retired members of the public employees' retirement system plan 1
18 shall be charged to all system employers in the public employees'
19 retirement system, the school employees' retirement system, and the
20 public safety employees' retirement system. The supplemental rate to
21 fund increases in automatic postretirement adjustments for active
22 members or retired members of the teachers' retirement system plan 1
23 shall be charged to all system employers in the teachers' retirement
24 system.

25 (6) A supplemental rate shall not be charged to pay for the cost
26 of additional benefits granted to members pursuant to chapter 340,
27 Laws of 1998.

28 (7) A supplemental rate shall not be charged to pay for the cost
29 of additional benefits granted to members pursuant to chapter 41.31A
30 RCW; section 309, chapter 341, Laws of 1998; or section 701, chapter
31 341, Laws of 1998.

32 (8) A supplemental rate shall not be charged to pay for the cost
33 of additional benefits granted to members and survivors pursuant to
34 chapter 94, Laws of 2006.

35 (9) A supplemental rate shall not be charged to pay for the cost
36 of the additional benefits granted to members of the teachers'
37 retirement system and the school employees' retirement system plans 2
38 and 3 in sections 2, 4, 6, and 8, chapter 491, Laws of 2007 until
39 September 1, 2008. A supplemental rate shall not be charged to pay
40 for the cost of the additional benefits granted to members of the

1 public employees' retirement system plans 2 and 3 under sections 9
2 and 10, chapter 491, Laws of 2007 until July 1, 2008.

3 **Sec. 507.** RCW 41.45.150 and 2023 c 396 s 1 are each amended to
4 read as follows:

5 (1) Beginning July 1, 2015, and ending June 30, 2023, a minimum
6 3.50 percent contribution is established as part of the basic
7 employer contribution rate for the public employees' retirement
8 system and the public safety employees' retirement system, to be used
9 for the sole purpose of amortizing that portion of the unfunded
10 actuarial accrued liability in the public employees' retirement
11 system plan 1 that excludes any amounts required to amortize plan 1
12 benefit improvements effective after June 30, 2009.

13 (2) Beginning September 1, 2015, and ending August 31,
14 2023(~~(+)~~), a minimum 3.50 percent contribution is established as
15 part of the basic employer contribution rate for the school
16 employees' retirement system, to be used for the sole purpose of
17 amortizing that portion of the unfunded actuarial accrued liability
18 in the public employees' retirement system plan 1 that excludes any
19 amounts required to amortize plan 1 benefit improvements effective
20 after June 30, 2009.

21 (3) Beginning September 1, 2015, and ending August 31, 2023, a
22 minimum 5.75 percent contribution is established as part of the basic
23 employer contribution rate for the teachers' retirement system, to be
24 used for the sole purpose of amortizing that portion of the unfunded
25 actuarial accrued liability in the teachers' retirement system plan 1
26 that excludes any amounts required to amortize plan 1 benefit
27 improvements effective after June 30, 2009.

28 (4)(a) Beginning July 1, 2023, and ending June 30, (~~(2027)~~) 2029,
29 the following employer contribution rates shall be in effect for the
30 public employees' retirement system and the public safety employees'
31 retirement system that is used for the sole purpose of amortizing
32 that portion of the unfunded actuarial accrued liability in the
33 public employees' retirement system plan 1 that excludes any amounts
34 required to amortize plan 1 benefit improvements effective after June
35 30, 2009.

36 Fiscal Year ending:

37 2024 2025 2026 2027 2028 2029

1	2.50%	2.00%	((1.50%))	((0.50%))	<u>0.00%</u>	<u>0.00%</u>
2			<u>0.00%</u>	<u>0.00%</u>		

3 (b) Beginning July 1, ~~((2027))~~ 2029, a minimum 0.50 percent
4 contribution is established as part of the basic employer
5 contribution rate for the public employees' retirement system and the
6 public safety employees' retirement system, to be used for the sole
7 purpose of amortizing any portion of an unfunded actuarial accrued
8 liability in the ~~((public employees'))~~ legacy retirement system
9 ~~((plan 1))~~ that excludes any amounts required to amortize ~~((plan 1))~~
10 benefit improvements effective after June 30, ~~((2009))~~ 2029. This
11 minimum contribution rate shall be in effect when the actuarial value
12 of assets in ~~((plan 1 of the public employees'))~~ the legacy
13 retirement system is less than 100 percent of the actuarial accrued
14 liability.

15 (5)(a) Beginning September 1, 2023, and ending August 31,
16 ~~((2027))~~ 2029, the following employer contribution rates shall be in
17 effect for the school employees' retirement system that is used for
18 the sole purpose of amortizing that portion of the unfunded actuarial
19 accrued liability in the public employees' retirement system plan 1
20 that excludes any amounts required to amortize plan 1 benefit
21 improvements effective after June 30, 2009.

22 Fiscal Year ending:

23	2024	2025	2026	2027	<u>2028</u>	<u>2029</u>
24	2.50%	2.00%	((1.50%))	((0.50%))	<u>0.00%</u>	<u>0.00%</u>
25			<u>0.00%</u>	<u>0.00%</u>		

26 (b) Beginning September 1, ~~((2027))~~ 2029, a minimum 0.50 percent
27 contribution is established as part of the basic employer
28 contribution rate for the school employees' retirement system, to be
29 used for the sole purpose of amortizing any portion of an unfunded
30 actuarial accrued liability in the ~~((public employees'))~~ legacy
31 retirement system ~~((plan 1))~~ that excludes any amounts required to
32 amortize ~~((plan 1))~~ benefit improvements effective after June 30,
33 ~~((2009))~~ 2029. This minimum contribution rate shall be in effect when
34 the actuarial value of assets in ~~((plan 1 of the public employees'))~~
35 the legacy retirement system is less than 100 percent of the
36 actuarial accrued liability.

37 (6)(a) Beginning September 1, 2023, and ending August 31,
38 ~~((2027))~~ 2029, the following employer contribution rates shall be in

1 effect for the teachers' retirement system that is used for the sole
2 purpose of amortizing that portion of the unfunded actuarial accrued
3 liability in the teachers' retirement system plan 1 that excludes any
4 amounts required to amortize plan 1 benefit improvements effective
5 after June 30, 2009.

6 Fiscal Year ending:

7	2024	2025	2026	2027	<u>2028</u>	<u>2029</u>
8	0.50%	0.50%	0.00%	0.00%	<u>0.00%</u>	<u>0.00%</u>

9 (b) Beginning September 1, (~~(2027)~~) 2029, a minimum 0.50 percent
10 contribution is established as part of the basic employer
11 contribution rate for the teachers' retirement system, to be used for
12 the sole purpose of amortizing any portion of an unfunded actuarial
13 accrued liability in the (~~(teachers')~~) legacy retirement system
14 (~~(plan 1)~~) that excludes any amounts required to amortize plan 1
15 benefit improvements effective after June 30, (~~(2009)~~) 2027. This
16 minimum contribution rate shall be in effect when the actuarial value
17 of assets in (~~(plan 1 of the teachers')~~) the legacy retirement system
18 is less than 100 percent of the actuarial accrued liability.

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

25 **Sec. 508.** RCW 41.45.200 and 2006 c 189 s 17 are each amended to
26 read as follows:

27 (1) The required employer contribution rate in support of public
28 employees' retirement system members employed as supreme court
29 justices, court of appeals judges, and superior court judges who
30 elect to participate under RCW 41.40.124(1) or 41.40.870(1), or who
31 are newly elected or appointed after January 1, 2007, shall consist
32 of the public employees' retirement system employer contribution rate
33 established under this chapter plus two and one-half percent of pay.

34 (2) The required contribution rate for members of the public
35 employees' retirement system plan 2 employed as supreme court
36 justices, court of appeals judges, and superior court judges who
37 elect to participate under RCW 41.40.124(1) or 41.40.870(1), or who

1 are newly elected or appointed after January 1, 2007, shall be two
2 hundred fifty percent of the member contribution rate for the public
3 employees' retirement system plan 2 established under this chapter
4 less two and one-half percent of pay.

5 (3) The required contribution rate for members of the public
6 employees' retirement system plan 1 tier of the legacy retirement
7 system employed as supreme court justices, court of appeals judges,
8 and superior court judges who elect to participate under RCW
9 41.40.124(1), or who are newly elected or appointed after January 1,
10 2007, shall be the contribution rate established under RCW 41.40.330
11 plus three and seventy-six one-hundredths percent of pay.

12 **Sec. 509.** RCW 41.45.203 and 2007 c 492 s 12 are each amended to
13 read as follows:

14 (1) The required employer contribution rate in support of
15 teachers' retirement system members employed as supreme court
16 justices, court of appeals judges, and superior court judges who
17 elect to participate under RCW 41.32.584(1), or who are newly elected
18 or appointed after January 1, 2007, shall equal the teachers'
19 retirement system employer contribution rate established under this
20 chapter.

21 (2) The required contribution rate for members of the teachers'
22 retirement system plan 1 tier of the legacy retirement system
23 employed as supreme court justices, court of appeals judges, and
24 superior court judges who elect to participate under RCW
25 41.32.584(1), or who are newly elected or appointed after January 1,
26 2007, shall be the deductions established under RCW 41.50.235 plus
27 three and seventy-six one-hundredths percent of pay.

28 **Sec. 510.** RCW 41.45.207 and 2006 c 189 s 19 are each amended to
29 read as follows:

30 (1) The required employer contribution rate in support of public
31 employees' retirement system members employed as district court
32 judges and municipal court judges who elect to participate under RCW
33 41.40.127(1) or 41.40.873(1), or who are newly elected or appointed
34 after January 1, 2007, shall equal the public employees' retirement
35 system employer contribution rate established under this chapter.

36 (2) The required contribution rate for members of the public
37 employees' retirement system plan 2 employed as district court judges
38 or municipal court judges who elect to participate under RCW

1 41.40.127(1) or 41.40.873(1), or who are newly elected or appointed
2 after January 1, 2007, shall be two hundred fifty percent of the
3 member contribution rate for the public employees' retirement system
4 plan 2 established under this chapter.

5 (3) The required contribution rate for members of the public
6 employees' retirement system plan 1 tier of the legacy retirement
7 system employed as district court judges or municipal court judges
8 who elect to participate under RCW 41.40.124(1), or who are newly
9 elected or appointed after January 1, 2007, shall be the contribution
10 rate established under RCW 41.40.330 plus six and twenty-six one-
11 hundredths percent of pay.

12 **Sec. 601.** RCW 6.15.020 and 2011 c 162 s 3 are each amended to
13 read as follows:

14 (1) It is the policy of the state of Washington to ensure the
15 well-being of its citizens by protecting retirement income to which
16 they are or may become entitled. For that purpose generally and
17 pursuant to the authority granted to the state of Washington under 11
18 U.S.C. Sec. 522(b)(2), the exemptions in this section relating to
19 retirement benefits are provided.

20 (2) Unless otherwise provided by federal law, any money received
21 by any citizen of the state of Washington as a pension from the
22 government of the United States, whether the same be in the actual
23 possession of such person or be deposited or loaned, shall be exempt
24 from execution, attachment, garnishment, or seizure by or under any
25 legal process whatever, and when a debtor dies, or absconds, and
26 leaves his or her family any money exempted by this subsection, the
27 same shall be exempt to the family as provided in this subsection.
28 This subsection shall not apply to child support collection actions
29 issued under chapter 26.18, 26.23, or 74.20A RCW, if otherwise
30 permitted by federal law.

31 (3) The right of a person to a pension, annuity, or retirement
32 allowance or disability allowance, or death benefits, or any optional
33 benefit, or any other right accrued or accruing to any citizen of the
34 state of Washington under any employee benefit plan, and any fund
35 created by such a plan or arrangement, shall be exempt from
36 execution, attachment, garnishment, or seizure by or under any legal
37 process whatever. This subsection shall not apply to child support
38 collection actions issued under chapter 26.18, 26.23, or 74.20A RCW
39 if otherwise permitted by federal law. This subsection shall permit

1 benefits under any such plan or arrangement to be payable to a
2 spouse, former spouse, child, or other dependent of a participant in
3 such plan to the extent expressly provided for in a qualified
4 domestic relations order that meets the requirements for such orders
5 under the plan, or, in the case of benefits payable under a plan
6 described in 26 U.S.C. Sec. 403(b) or 408 of the internal revenue
7 code of 1986, as amended, or section 409 of such code as in effect
8 before January 1, 1984, to the extent provided in any order issued by
9 a court of competent jurisdiction that provides for maintenance or
10 support. This subsection does not prohibit actions against an
11 employee benefit plan, or fund for valid obligations incurred by the
12 plan or fund for the benefit of the plan or fund.

13 (4) For the purposes of this section, the term "employee benefit
14 plan" means any plan or arrangement that is described in RCW
15 49.64.020, including any Keogh plan, whether funded by a trust or by
16 an annuity contract, and in 26 U.S.C. Sec. 401(a) or 403(a) of the
17 internal revenue code of 1986, as amended; or that is a tax-sheltered
18 annuity or a custodial account described in section 403(b) of such
19 code or an individual retirement account or an individual retirement
20 annuity described in section 408 of such code; or a Roth individual
21 retirement account described in section 408A of such code; or a
22 medical savings account or a health savings account described in
23 sections 220 and 223, respectively, of such code; or a retirement
24 bond described in section 409 of such code as in effect before
25 January 1, 1984. The term "employee benefit plan" shall not include
26 any employee benefit plan that is established or maintained for its
27 employees by the government of the United States, by the state of
28 Washington under chapter 2.10, 2.12, 41.26, 41.32, 41.34, 41.35,
29 41.37, 41.40, 41.--- RCW (the new chapter created in section 701 of
30 this act), or 43.43 RCW or RCW 41.50.770, or by any agency or
31 instrumentality of the government of the United States.

32 (5) An employee benefit plan shall be deemed to be a spendthrift
33 trust, regardless of the source of funds, the relationship between
34 the trustee or custodian of the plan and the beneficiary, or the
35 ability of the debtor to withdraw or borrow or otherwise become
36 entitled to benefits from the plan before retirement. This subsection
37 shall not apply to child support collection actions issued under
38 chapter 26.18, 26.23, or 74.20A RCW, if otherwise permitted by
39 federal law. This subsection shall permit benefits under any such
40 plan or arrangement to be payable to a spouse, former spouse, child,

1 or other dependent of a participant in such plan to the extent
2 expressly provided for in a qualified domestic relations order that
3 meets the requirements for such orders under the plan, or, in the
4 case of benefits payable under a plan described in 26 U.S.C. Sec.
5 403(b) or 408 of the internal revenue code of 1986, as amended, or
6 section 409 of such code as in effect before January 1, 1984, to the
7 extent provided in any order issued by a court of competent
8 jurisdiction that provides for maintenance or support.

9 (6) Unless prohibited by federal law, nothing contained in
10 subsection (3), (4), or (5) of this section shall be construed as a
11 termination or limitation of a spouse's community property interest
12 in an employee benefit plan held in the name of or on account of the
13 other spouse, who is the participant or the account holder spouse.
14 Unless prohibited by applicable federal law, at the death of the
15 nonparticipant, nonaccount holder spouse, the nonparticipant,
16 nonaccount holder spouse may transfer or distribute the community
17 property interest of the nonparticipant, nonaccount holder spouse in
18 the participant or account holder spouse's employee benefit plan to
19 the nonparticipant, nonaccount holder spouse's estate, testamentary
20 trust, inter vivos trust, or other successor or successors pursuant
21 to the last will of the nonparticipant, nonaccount holder spouse or
22 the law of intestate succession, and that distributee may, but shall
23 not be required to, obtain an order of a court of competent
24 jurisdiction, including a nonjudicial binding agreement or order
25 entered under chapter 11.96A RCW, to confirm the distribution. For
26 purposes of subsection (3) of this section, the distributee of the
27 nonparticipant, nonaccount holder spouse's community property
28 interest in an employee benefit plan shall be considered a person
29 entitled to the full protection of subsection (3) of this section.
30 The nonparticipant, nonaccount holder spouse's consent to a
31 beneficiary designation by the participant or account holder spouse
32 with respect to an employee benefit plan shall not, absent clear and
33 convincing evidence to the contrary, be deemed a release, gift,
34 relinquishment, termination, limitation, or transfer of the
35 nonparticipant, nonaccount holder spouse's community property
36 interest in an employee benefit plan. For purposes of this
37 subsection, the term "nonparticipant, nonaccount holder spouse" means
38 the spouse of the person who is a participant in an employee benefit
39 plan or in whose name an individual retirement account is maintained.
40 As used in this subsection, an order of a court of competent

1 jurisdiction entered under chapter 11.96A RCW includes an agreement,
2 as that term is used under RCW 11.96A.220.

3 **Sec. 602.** RCW 41.04.440 and 2007 c 492 s 3 are each amended to
4 read as follows:

5 (1) The sole purpose of RCW 41.04.445 and 41.04.450 is to allow
6 the members of the retirement systems created in chapters 2.10, 2.12,
7 41.26, 41.32, 41.35, 41.37, 41.40, 41.34, 41.--- RCW (the new chapter
8 created in section 701 of this act), and 43.43 RCW to enjoy the tax
9 deferral benefits allowed under 26 U.S.C. 414(h). Chapter 227, Laws
10 of 1984 does not alter in any manner the provisions of RCW 41.45.060,
11 41.45.061, and 41.45.067 which require that the member contribution
12 rates shall be set so as to provide fifty percent of the cost of the
13 respective retirement plans.

14 (2) Should the legislature revoke any benefit allowed under 26
15 U.S.C. 414(h), no affected employee shall be entitled thereafter to
16 receive such benefit as a matter of contractual right.

17 **Sec. 603.** RCW 41.04.445 and 2007 c 492 s 4 are each amended to
18 read as follows:

19 (1) This section applies to all members who are:

20 (a) Judges under the retirement system established under chapter
21 2.10, 2.12, or 2.14 RCW;

22 (b) Employees of the state under the retirement system
23 established by chapter 41.32, 41.37, 41.40, 41.--- RCW (the new
24 chapter created in section 701 of this act), or 43.43 RCW;

25 (c) Employees of school districts under the retirement system
26 established by chapter 41.32 or 41.40 RCW, except for substitute
27 teachers as defined by RCW 41.32.010;

28 (d) Employees of educational service districts under the
29 retirement system established by chapter 41.32 or 41.40 RCW; or

30 (e) Employees of community college districts under the retirement
31 system established by chapter 41.32 or 41.40 RCW.

32 (2) Only for compensation earned after the effective date of the
33 implementation of this section and as provided by section 414(h) of
34 the federal internal revenue code, the employer of all the members
35 specified in subsection (1) of this section shall pick up only those
36 member contributions as required under:

37 (a) RCW 2.10.090(1);

38 (b) RCW 2.12.060;

- 1 (c) RCW 2.14.090;
- 2 (d) RCW 41.32.263;
- 3 (e) RCW 41.32.350;
- 4 (f) RCW 41.40.330 (1) and (3);
- 5 (g) RCW 41.45.061 and 41.45.067;
- 6 (h) RCW 41.34.070;
- 7 (i) RCW 43.43.300; and
- 8 (j) RCW 41.34.040.

9 (3) Only for the purposes of federal income taxation, the gross
10 income of the member shall be reduced by the amount of the
11 contribution to the respective retirement system picked up by the
12 employer.

13 (4) All member contributions to the respective retirement system
14 picked up by the employer as provided by this section, plus the
15 accrued interest earned thereon, shall be paid to the member upon the
16 withdrawal of funds or lump sum payment of accumulated contributions
17 as provided under the provisions of the retirement systems.

18 (5) At least forty-five days prior to implementing this section,
19 the employer shall provide:

20 (a) A complete explanation of the effects of this section to all
21 members; and

22 (b) Notification of such implementation to the director of the
23 department of retirement systems.

24 **Sec. 604.** RCW 41.04.450 and 2007 c 492 s 5 are each amended to
25 read as follows:

26 (1) Employers of those members under chapters 41.26, 41.34,
27 41.35, 41.37, 41.--- RCW (the new chapter created in section 701 of
28 this act), and 41.40 RCW who are not specified in RCW 41.04.445 may
29 choose to implement the employer pick up of all member contributions
30 without exception under RCW 41.26.080(1)(a), 41.26.450, 41.40.330(1),
31 41.45.060, 41.45.061, and 41.45.067 and chapter 41.34 RCW. If the
32 employer does so choose, the employer and members shall be subject to
33 the conditions and limitations of RCW 41.04.445 (3), (4), and (5) and
34 41.04.455.

35 (2) An employer exercising the option under this section may
36 later choose to withdraw from and/or reestablish the employer pick up
37 of member contributions only once in a calendar year following forty-
38 five days prior notice to the director of the department of
39 retirement systems.

1 **Sec. 605.** RCW 41.04.803 and 2012 c 236 s 7 are each amended to
2 read as follows:

3 (1) Chapter 236, Laws of 2012 is curative and remedial and is
4 applicable to any future determination of eligibility for membership
5 in a retirement system under chapters 41.26, 41.32, 41.35, 41.37,
6 ~~((and)) 41.40, and 41.---~~ RCW (the new chapter created in section 701
7 of this act) RCW.

8 (2) Chapter 236, Laws of 2012 does not apply to or contravene any
9 prior final decision of the state supreme court regarding the
10 interpretation of the statutes addressed in chapter 236, Laws of
11 2012.

12 **Sec. 606.** RCW 41.05.320 and 2023 c 51 s 17 are each amended to
13 read as follows:

14 (1) Elected officials and permanent employees and school
15 employees are eligible to participate in the salary reduction plan
16 and reduce their salary by agreement with the authority. The
17 authority may adopt rules to: (a) Limit the participation of
18 employing agencies and their employees in the plan; and (b) permit
19 participation in the plan by temporary employees and school
20 employees.

21 (2) Persons eligible under subsection (1) of this section may
22 enter into salary reduction agreements with the state.

23 (3) (a) An eligible person may become a participant of the salary
24 reduction plan for a full plan year with annual benefit plan
25 selection for each new plan year made before the beginning of the
26 plan year, as determined by the authority, or upon becoming eligible.

27 (b) Once an eligible person elects to participate in the salary
28 reduction plan and determines the amount his or her gross salary
29 shall be reduced and the benefit plan for which the funds are to be
30 used during the plan year, the agreement shall be irrevocable and may
31 not be amended during the plan year except as provided in (c) of this
32 subsection. Prior to making an election to participate in the salary
33 reduction plan, the eligible person shall be informed in writing of
34 all the benefits and reductions that will occur as a result of such
35 election.

36 (c) The authority shall provide in the salary reduction plan that
37 a participant may enroll, terminate, or change his or her election
38 after the plan year has begun if there is a significant change in a

1 participant's status, as provided by 26 U.S.C. Sec. 125 and the
2 regulations adopted under that section and defined by the authority.

3 (4) The authority shall establish as part of the salary reduction
4 plan the procedures for and effect of withdrawal from the plan by
5 reason of retirement, death, leave of absence, or termination of
6 employment. To the extent possible under federal law, the authority
7 shall protect participants from forfeiture of rights under the plan.

8 (5) Any reduction of salary under the salary reduction plan shall
9 not reduce the reportable compensation for the purpose of computing
10 the state retirement and pension benefits earned by the public
11 employee pursuant to chapters 41.26, 41.32, 41.35, 41.37, 41.40,
12 41.--- RCW (the new chapter created in section 701 of this act), and
13 43.43 RCW.

14 **Sec. 607.** RCW 41.24.400 and 2007 c 492 s 7 are each amended to
15 read as follows:

16 (1) Except as provided in subsection (2) of this section, any
17 municipality may make provision by appropriate legislation and
18 payment of fees required by RCW 41.24.030(~~((1))~~) (2) solely for the
19 purpose of enabling any reserve officer to enroll under the
20 retirement pension provisions of this chapter or fees required under
21 RCW 41.24.030(~~((1))~~) (2) to pay for the costs of extending the relief
22 provisions of this chapter to its reserve officers.

23 (2) A reserve officer is not eligible to receive a benefit under
24 the retirement provisions of this chapter for service under chapter
25 41.26, 41.32, 41.35, 41.37, (~~((1))~~) 41.40, or 41.--- RCW (the new
26 chapter created in section 701 of this act) RCW.

27 (3) Every municipality shall make provisions for the collection
28 and payment of the fees required under this chapter, and shall
29 continue to make provisions for all reserve officers who come under
30 this chapter as long as they continue to be employed as reserve
31 officers.

32 (4) Except as provided under RCW 41.24.450, a reserve officer is
33 not eligible to receive a benefit under the relief provisions of this
34 chapter.

35 **Sec. 608.** RCW 41.50.080 and 2011 1st sp.s. c 47 s 21 are each
36 amended to read as follows:

37 The state investment board shall provide for the investment of
38 all funds of the Washington public employees' retirement system, the

1 teachers' retirement system, the school employees' retirement system,
2 the Washington law enforcement officers' and firefighters' retirement
3 system, the Washington state patrol retirement system, the Washington
4 judicial retirement system, the Washington public safety employees'
5 retirement system, the legacy retirement system, the higher education
6 retirement plan supplemental benefit fund, and the judges' retirement
7 fund, pursuant to RCW 43.84.150, and may sell or exchange investments
8 acquired in the exercise of that authority.

9 **Sec. 609.** RCW 41.50.235 and 1991 c 35 s 52 are each amended to
10 read as follows:

11 Every officer authorized to issue salary warrants to teachers
12 shall deduct from the salary payments to any member of the Washington
13 state teachers' retirement system plan 1 of the legacy retirement
14 system regularly employed an amount which will result in total
15 deductions of six percent of the amount of earnable compensation paid
16 in any fiscal year. These deductions shall be transmitted and
17 reported to the retirement system as directed by the department.

18 **Sec. 610.** RCW 41.50.255 and 2004 c 242 s 49 are each amended to
19 read as follows:

20 The director is authorized to pay from the interest earnings of
21 the trust funds of the public employees' retirement system, the
22 teachers' retirement system, the Washington state patrol retirement
23 system, the Washington judicial retirement system, the judges'
24 retirement system, the school employees' retirement system, the
25 public safety employees' retirement system, the legacy retirement
26 system, or the law enforcement officers' and firefighters' retirement
27 system lawful obligations of the appropriate system for legal
28 expenses and medical expenses which expenses are primarily incurred
29 for the purpose of protecting the appropriate trust fund or are
30 incurred in compliance with statutes governing such funds.

31 The term "legal expense" includes, but is not limited to, legal
32 services provided through the legal services revolving fund, fees for
33 expert witnesses, travel expenses, fees for court reporters, cost of
34 transcript preparation, and reproduction of documents.

35 The term "medical costs" includes, but is not limited to,
36 expenses for the medical examination or reexamination of members or
37 retirees, the costs of preparation of medical reports, and fees

1 charged by medical professionals for attendance at discovery
2 proceedings or hearings.

3 The director may also pay from the interest earnings of the trust
4 funds specified in this section costs incurred in investigating fraud
5 and collecting overpayments, including expenses incurred to review
6 and investigate cases of possible fraud against the trust funds and
7 collection agency fees and other costs incurred in recovering
8 overpayments. Recovered funds must be returned to the appropriate
9 trust funds.

10 **Sec. 611.** RCW 41.50.500 and 2004 c 242 s 50 are each amended to
11 read as follows:

12 Unless the context clearly requires otherwise, the definitions in
13 this section apply throughout RCW 41.50.500 through 41.50.650,
14 41.50.670 through 41.50.720, and 26.09.138.

15 (1) "Benefits" means periodic retirement payments or a withdrawal
16 of accumulated contributions.

17 (2) "Disposable benefits" means that part of the benefits of an
18 individual remaining after the deduction from those benefits of any
19 amount required by law to be withheld. The term "required by law to
20 be withheld" does not include any deduction elective to the member.

21 (3) "Dissolution order" means any judgment, decree, or order of
22 spousal maintenance, property division, or court-approved property
23 settlement incident to a decree of divorce, dissolution, invalidity,
24 or legal separation issued by the superior court of the state of
25 Washington or a judgment, decree, or other order of spousal support
26 issued by a court of competent jurisdiction in another state or
27 country, that has been registered or otherwise made enforceable in
28 this state.

29 (4) "Mandatory benefits assignment order" means an order issued
30 to the department of retirement systems pursuant to RCW 41.50.570 to
31 withhold and deliver benefits payable to an obligor under chapter
32 2.10, 2.12, 41.26, 41.32, 41.40, 41.35, 41.37, 41.--- RCW (the new
33 chapter created in section 701 of this act), or 43.43 RCW.

34 (5) "Obligee" means an ex spouse or spouse to whom a duty of
35 spousal maintenance or property division obligation is owed.

36 (6) "Obligor" means the spouse or ex spouse owing a duty of
37 spousal maintenance or a property division obligation.

38 (7) "Periodic retirement payments" means periodic payments of
39 retirement allowances, including but not limited to service

1 retirement allowances, disability retirement allowances, and
2 survivors' allowances. The term does not include a withdrawal of
3 accumulated contributions.

4 (8) "Property division obligation" means any outstanding court-
5 ordered property division or court-approved property settlement
6 obligation incident to a decree of divorce, dissolution, or legal
7 separation.

8 (9) "Standard allowance" means a benefit payment option selected
9 under RCW 2.10.146(1)(a), 41.26.460(1)(a), 41.32.785(1)(a),
10 41.40.188(1)(a), 41.40.660(1), 41.40.845(1)(a), 41.37.170, or
11 41.35.220 that ceases upon the death of the retiree. Standard
12 allowance also means the benefit allowance provided under RCW
13 2.10.110, 2.10.130, 43.43.260, 41.26.100, 41.26.130(1)(a), or chapter
14 2.12 RCW. Standard allowance also means the maximum retirement
15 allowance available under RCW 41.32.530(1) following member
16 withdrawal of accumulated contributions, if any.

17 (10) "Withdrawal of accumulated contributions" means a lump sum
18 payment to a retirement system member of all or a part of the
19 member's accumulated contributions, including accrued interest, at
20 the request of the member including any lump sum amount paid upon the
21 death of the member.

22 **Sec. 612.** RCW 41.54.010 and 2007 c 207 s 1 are each amended to
23 read as follows:

24 The definitions in this section apply throughout this chapter
25 unless the context clearly requires otherwise.

26 (1) "Base salary" means salaries or wages earned by a member of a
27 system during a payroll period for personal services and includes
28 wages and salaries deferred under provisions of the United States
29 internal revenue code, but shall exclude overtime payments, nonmoney
30 maintenance compensation, and lump sum payments for deferred annual
31 sick leave, unused accumulated vacation, unused accumulated annual
32 leave, any form of severance pay, any bonus for voluntary retirement,
33 any other form of leave, or any similar lump sum payment; except that
34 forms of payment which are excluded under this subsection shall be
35 included in base salary when reportable to the department in all of a
36 dual member's retirement systems, and when none of the dual member's
37 retirement systems are the Washington state patrol retirement system.

38 (2) "Department" means the department of retirement systems.

1 (3) "Director" means the director of the department of retirement
2 systems.

3 (4) "Dual member" means a person who (a) is or becomes a member
4 of a system on or after July 1, 1988, (b) has been a member of one or
5 more other systems, and (c) has never been retired for service from a
6 retirement system and is not receiving a disability retirement or
7 disability leave benefit from any retirement system listed in RCW
8 41.50.030 or subsection (6) of this section.

9 (5) "Service" means the same as it may be defined in each
10 respective system. For the purposes of RCW 41.54.030, military
11 service granted under RCW 41.40.170(3) or 43.43.260 may only be based
12 on service accrued under chapter 41.40 or 43.43 RCW, respectively.

13 (6) "System" means the retirement systems established under
14 chapters 41.32, 41.40, 41.44, 41.35, 41.37, 41.--- RCW (the new
15 chapter created in section 701 of this act), and 43.43 RCW; plan 2 of
16 the system established under chapter 41.26 RCW; and the city employee
17 retirement systems for Seattle, Tacoma, and Spokane.

18 **Sec. 613.** RCW 41.54.040 and 2004 c 242 s 59 are each amended to
19 read as follows:

20 (1) The allowances calculated under RCW 41.54.030, 41.54.032, and
21 41.54.034 shall be paid separately by each respective current and
22 prior system. Any deductions from such separate payments shall be
23 according to the provisions of the respective systems.

24 (2) Postretirement adjustments, if any, shall be applied by the
25 respective systems based on the payments made under subsection (1) of
26 this section.

27 (3) The department shall adopt rules under chapter 34.05 RCW to
28 ensure that where a dual member has service in a system established
29 under chapter 41.32, 41.40, 41.44, 41.35, 41.37, 41.--- RCW (the new
30 chapter created in section 701 of this act), or 43.43 RCW; service in
31 plan 2 of the system established under chapter 41.26 RCW; and service
32 under the city employee retirement system for Seattle, Tacoma, or
33 Spokane, the additional cost incurred as a result of the dual member
34 receiving a benefit under this chapter shall be borne by the
35 retirement system incurring the additional cost.

36 **Sec. 614.** RCW 43.84.092 and 2024 c 210 s 4 and 2024 c 168 s 12
37 are each reenacted and amended to read as follows:

1 (1) All earnings of investments of surplus balances in the state
2 treasury shall be deposited to the treasury income account, which
3 account is hereby established in the state treasury.

4 (2) The treasury income account shall be utilized to pay or
5 receive funds associated with federal programs as required by the
6 federal cash management improvement act of 1990. The treasury income
7 account is subject in all respects to chapter 43.88 RCW, but no
8 appropriation is required for refunds or allocations of interest
9 earnings required by the cash management improvement act. Refunds of
10 interest to the federal treasury required under the cash management
11 improvement act fall under RCW 43.88.180 and shall not require
12 appropriation. The office of financial management shall determine the
13 amounts due to or from the federal government pursuant to the cash
14 management improvement act. The office of financial management may
15 direct transfers of funds between accounts as deemed necessary to
16 implement the provisions of the cash management improvement act, and
17 this subsection. Refunds or allocations shall occur prior to the
18 distributions of earnings set forth in subsection (4) of this
19 section.

20 (3) Except for the provisions of RCW 43.84.160, the treasury
21 income account may be utilized for the payment of purchased banking
22 services on behalf of treasury funds including, but not limited to,
23 depository, safekeeping, and disbursement functions for the state
24 treasury and affected state agencies. The treasury income account is
25 subject in all respects to chapter 43.88 RCW, but no appropriation is
26 required for payments to financial institutions. Payments shall occur
27 prior to distribution of earnings set forth in subsection (4) of this
28 section.

29 (4) Monthly, the state treasurer shall distribute the earnings
30 credited to the treasury income account. The state treasurer shall
31 credit the general fund with all the earnings credited to the
32 treasury income account except:

33 (a) The following accounts and funds shall receive their
34 proportionate share of earnings based upon each account's and fund's
35 average daily balance for the period: The abandoned recreational
36 vehicle disposal account, the aeronautics account, the Alaskan Way
37 viaduct replacement project account, the ambulance transport fund,
38 the budget stabilization account, the capital vessel replacement
39 account, the capitol building construction account, the Central
40 Washington University capital projects account, the charitable,

1 educational, penal and reformatory institutions account, the Chehalis
2 basin account, the Chehalis basin taxable account, the clean fuels
3 credit account, the clean fuels transportation investment account,
4 the cleanup settlement account, the climate active transportation
5 account, the climate transit programs account, the Columbia river
6 basin water supply development account, the Columbia river basin
7 taxable bond water supply development account, the Columbia river
8 basin water supply revenue recovery account, the common school
9 construction fund, the community forest trust account, the connecting
10 Washington account, the county arterial preservation account, the
11 county criminal justice assistance account, the covenant
12 homeownership account, the deferred compensation administrative
13 account, the deferred compensation principal account, the department
14 of licensing services account, the department of retirement systems
15 expense account, the developmental disabilities community services
16 account, the diesel idle reduction account, the opioid abatement
17 settlement account, the drinking water assistance account, the
18 administrative subaccount of the drinking water assistance account,
19 the early learning facilities development account, the early learning
20 facilities revolving account, the Eastern Washington University
21 capital projects account, the education construction fund, the
22 education legacy trust account, the election account, the electric
23 vehicle account, the energy freedom account, the energy recovery act
24 account, the essential rail assistance account, The Evergreen State
25 College capital projects account, the fair start for kids account,
26 the family medicine workforce development account, the ferry bond
27 retirement fund, the fish, wildlife, and conservation account, the
28 freight mobility investment account, the freight mobility multimodal
29 account, the grade crossing protective fund, the higher education
30 retirement plan supplemental benefit fund, the Washington student
31 loan account, the highway bond retirement fund, the highway
32 infrastructure account, the highway safety fund, the hospital safety
33 net assessment fund, the Interstate 5 bridge replacement project
34 account, the Interstate 405 and state route number 167 express toll
35 lanes account, the judges' retirement account, the judicial
36 retirement administrative account, the judicial retirement principal
37 account, the limited fish and wildlife account, the local leasehold
38 excise tax account, the local real estate excise tax account, the
39 local sales and use tax account, the marine resources stewardship
40 trust account, the medical aid account, the money-purchase retirement

1 savings administrative account, the money-purchase retirement savings
2 principal account, the motor vehicle fund, the motorcycle safety
3 education account, the move ahead WA account, the move ahead WA
4 flexible account, the multimodal transportation account, the multiuse
5 roadway safety account, the municipal criminal justice assistance
6 account, the oyster reserve land account, the pension funding
7 stabilization account, the perpetual surveillance and maintenance
8 account, the pilotage account, the pollution liability insurance
9 agency underground storage tank revolving account, (~~the public~~
10 ~~employees' retirement system plan 1 account,~~) the public employees'
11 retirement system combined plan 2 and plan 3 account, the public
12 facilities construction loan revolving account, the public health
13 supplemental account, the public works assistance account, the Puget
14 Sound capital construction account, the Puget Sound ferry operations
15 account, the Puget Sound Gateway facility account, the Puget Sound
16 taxpayer accountability account, the real estate appraiser commission
17 account, the recreational vehicle account, the regional mobility
18 grant program account, the reserve officers' relief and pension
19 principal fund, the resource management cost account, the rural
20 arterial trust account, the rural mobility grant program account, the
21 rural Washington loan fund, the second injury fund, the sexual
22 assault prevention and response account, the site closure account,
23 the skilled nursing facility safety net trust fund, the small city
24 pavement and sidewalk account, the special category C account, the
25 special wildlife account, the state hazard mitigation revolving loan
26 account, the state investment board expense account, the state
27 investment board commingled trust fund accounts, the state patrol
28 highway account, the state reclamation revolving account, the state
29 route number 520 civil penalties account, the state route number 520
30 corridor account, the statewide broadband account, the statewide
31 tourism marketing account, the supplemental pension account, the
32 Tacoma Narrows toll bridge account, (~~the teachers' retirement system~~
33 ~~plan 1 account,~~) the teachers' retirement system combined plan 2 and
34 plan 3 account, the tobacco prevention and control account, the
35 tobacco settlement account, the toll facility bond retirement
36 account, the transportation 2003 account (nickel account), the
37 transportation equipment fund, the JUDY transportation future funding
38 program account, the transportation improvement account, the
39 transportation improvement board bond retirement account, the
40 transportation infrastructure account, the transportation partnership

1 account, the traumatic brain injury account, the tribal opioid
2 prevention and treatment account, the University of Washington bond
3 retirement fund, the University of Washington building account, the
4 voluntary cleanup account, the volunteer firefighters' relief and
5 pension principal fund, the volunteer firefighters' and reserve
6 officers' administrative fund, the vulnerable roadway user education
7 account, the Washington judicial retirement system account, (~~the~~
8 ~~Washington law enforcement officers' and firefighters' system plan 1~~
9 ~~retirement account,~~) the Washington law enforcement officers' and
10 firefighters' system plan 2 retirement account, the Washington public
11 safety employees' plan 2 retirement account, the Washington school
12 employees' retirement system combined plan 2 and 3 account, the
13 Washington state patrol retirement account, the Washington State
14 University building account, the Washington State University bond
15 retirement fund, the water pollution control revolving administration
16 account, the water pollution control revolving fund, the Western
17 Washington University capital projects account, the legacy retirement
18 system account, the Yakima integrated plan implementation account,
19 the Yakima integrated plan implementation revenue recovery account,
20 and the Yakima integrated plan implementation taxable bond account.
21 Earnings derived from investing balances of the agricultural
22 permanent fund, the normal school permanent fund, the permanent
23 common school fund, the scientific permanent fund, and the state
24 university permanent fund shall be allocated to their respective
25 beneficiary accounts.

26 (b) Any state agency that has independent authority over accounts
27 or funds not statutorily required to be held in the state treasury
28 that deposits funds into a fund or account in the state treasury
29 pursuant to an agreement with the office of the state treasurer shall
30 receive its proportionate share of earnings based upon each account's
31 or fund's average daily balance for the period.

32 (5) In conformance with Article II, section 37 of the state
33 Constitution, no treasury accounts or funds shall be allocated
34 earnings without the specific affirmative directive of this section.

35 **Sec. 615.** RCW 43.84.092 and 2024 c 210 s 5 and 2024 c 168 s 13
36 are each reenacted and amended to read as follows:

37 (1) All earnings of investments of surplus balances in the state
38 treasury shall be deposited to the treasury income account, which
39 account is hereby established in the state treasury.

1 (2) The treasury income account shall be utilized to pay or
2 receive funds associated with federal programs as required by the
3 federal cash management improvement act of 1990. The treasury income
4 account is subject in all respects to chapter 43.88 RCW, but no
5 appropriation is required for refunds or allocations of interest
6 earnings required by the cash management improvement act. Refunds of
7 interest to the federal treasury required under the cash management
8 improvement act fall under RCW 43.88.180 and shall not require
9 appropriation. The office of financial management shall determine the
10 amounts due to or from the federal government pursuant to the cash
11 management improvement act. The office of financial management may
12 direct transfers of funds between accounts as deemed necessary to
13 implement the provisions of the cash management improvement act, and
14 this subsection. Refunds or allocations shall occur prior to the
15 distributions of earnings set forth in subsection (4) of this
16 section.

17 (3) Except for the provisions of RCW 43.84.160, the treasury
18 income account may be utilized for the payment of purchased banking
19 services on behalf of treasury funds including, but not limited to,
20 depository, safekeeping, and disbursement functions for the state
21 treasury and affected state agencies. The treasury income account is
22 subject in all respects to chapter 43.88 RCW, but no appropriation is
23 required for payments to financial institutions. Payments shall occur
24 prior to distribution of earnings set forth in subsection (4) of this
25 section.

26 (4) Monthly, the state treasurer shall distribute the earnings
27 credited to the treasury income account. The state treasurer shall
28 credit the general fund with all the earnings credited to the
29 treasury income account except:

30 (a) The following accounts and funds shall receive their
31 proportionate share of earnings based upon each account's and fund's
32 average daily balance for the period: The abandoned recreational
33 vehicle disposal account, the aeronautics account, the Alaskan Way
34 viaduct replacement project account, the budget stabilization
35 account, the capital vessel replacement account, the capitol building
36 construction account, the Central Washington University capital
37 projects account, the charitable, educational, penal and reformatory
38 institutions account, the Chehalis basin account, the Chehalis basin
39 taxable account, the clean fuels credit account, the clean fuels
40 transportation investment account, the cleanup settlement account,

1 the climate active transportation account, the climate transit
2 programs account, the Columbia river basin water supply development
3 account, the Columbia river basin taxable bond water supply
4 development account, the Columbia river basin water supply revenue
5 recovery account, the common school construction fund, the community
6 forest trust account, the connecting Washington account, the county
7 arterial preservation account, the county criminal justice assistance
8 account, the covenant homeownership account, the deferred
9 compensation administrative account, the deferred compensation
10 principal account, the department of licensing services account, the
11 department of retirement systems expense account, the developmental
12 disabilities community services account, the diesel idle reduction
13 account, the opioid abatement settlement account, the drinking water
14 assistance account, the administrative subaccount of the drinking
15 water assistance account, the early learning facilities development
16 account, the early learning facilities revolving account, the Eastern
17 Washington University capital projects account, the education
18 construction fund, the education legacy trust account, the election
19 account, the electric vehicle account, the energy freedom account,
20 the energy recovery act account, the essential rail assistance
21 account, The Evergreen State College capital projects account, the
22 fair start for kids account, the family medicine workforce
23 development account, the ferry bond retirement fund, the fish,
24 wildlife, and conservation account, the freight mobility investment
25 account, the freight mobility multimodal account, the grade crossing
26 protective fund, the higher education retirement plan supplemental
27 benefit fund, the Washington student loan account, the highway bond
28 retirement fund, the highway infrastructure account, the highway
29 safety fund, the hospital safety net assessment fund, the Interstate
30 5 bridge replacement project account, the Interstate 405 and state
31 route number 167 express toll lanes account, the judges' retirement
32 account, the judicial retirement administrative account, the judicial
33 retirement principal account, the limited fish and wildlife account,
34 the local leasehold excise tax account, the local real estate excise
35 tax account, the local sales and use tax account, the marine
36 resources stewardship trust account, the medical aid account, the
37 money-purchase retirement savings administrative account, the money-
38 purchase retirement savings principal account, the motor vehicle
39 fund, the motorcycle safety education account, the move ahead WA
40 account, the move ahead WA flexible account, the multimodal

1 transportation account, the multiuse roadway safety account, the
2 municipal criminal justice assistance account, the oyster reserve
3 land account, the pension funding stabilization account, the
4 perpetual surveillance and maintenance account, the pilotage account,
5 the pollution liability insurance agency underground storage tank
6 revolving account, (~~the public employees' retirement system plan 1~~
7 ~~account,~~) the public employees' retirement system combined plan 2
8 and plan 3 account, the public facilities construction loan revolving
9 account, the public health supplemental account, the public works
10 assistance account, the Puget Sound capital construction account, the
11 Puget Sound ferry operations account, the Puget Sound Gateway
12 facility account, the Puget Sound taxpayer accountability account,
13 the real estate appraiser commission account, the recreational
14 vehicle account, the regional mobility grant program account, the
15 reserve officers' relief and pension principal fund, the resource
16 management cost account, the rural arterial trust account, the rural
17 mobility grant program account, the rural Washington loan fund, the
18 second injury fund, the sexual assault prevention and response
19 account, the site closure account, the skilled nursing facility
20 safety net trust fund, the small city pavement and sidewalk account,
21 the special category C account, the special wildlife account, the
22 state hazard mitigation revolving loan account, the state investment
23 board expense account, the state investment board commingled trust
24 fund accounts, the state patrol highway account, the state
25 reclamation revolving account, the state route number 520 civil
26 penalties account, the state route number 520 corridor account, the
27 statewide broadband account, the statewide tourism marketing account,
28 the supplemental pension account, the Tacoma Narrows toll bridge
29 account, (~~the teachers' retirement system plan 1~~
30 ~~account,~~) the teachers' retirement system combined plan 2 and plan 3 account, the
31 tobacco prevention and control account, the tobacco settlement
32 account, the toll facility bond retirement account, the
33 transportation 2003 account (nickel account), the transportation
34 equipment fund, the JUDY transportation future funding program
35 account, the transportation improvement account, the transportation
36 improvement board bond retirement account, the transportation
37 infrastructure account, the transportation partnership account, the
38 traumatic brain injury account, the tribal opioid prevention and
39 treatment account, the University of Washington bond retirement fund,
40 the University of Washington building account, the voluntary cleanup

1 account, the volunteer firefighters' relief and pension principal
2 fund, the volunteer firefighters' and reserve officers'
3 administrative fund, the vulnerable roadway user education account,
4 the Washington judicial retirement system account, (~~the Washington~~
5 ~~law enforcement officers' and firefighters' system plan 1 retirement~~
6 ~~account,~~) the Washington law enforcement officers' and firefighters'
7 system plan 2 retirement account, the Washington public safety
8 employees' plan 2 retirement account, the Washington school
9 employees' retirement system combined plan 2 and 3 account, the
10 Washington state patrol retirement account, the Washington State
11 University building account, the Washington State University bond
12 retirement fund, the water pollution control revolving administration
13 account, the water pollution control revolving fund, the Western
14 Washington University capital projects account, the legacy retirement
15 system account, the Yakima integrated plan implementation account,
16 the Yakima integrated plan implementation revenue recovery account,
17 and the Yakima integrated plan implementation taxable bond account.
18 Earnings derived from investing balances of the agricultural
19 permanent fund, the normal school permanent fund, the permanent
20 common school fund, the scientific permanent fund, and the state
21 university permanent fund shall be allocated to their respective
22 beneficiary accounts.

23 (b) Any state agency that has independent authority over accounts
24 or funds not statutorily required to be held in the state treasury
25 that deposits funds into a fund or account in the state treasury
26 pursuant to an agreement with the office of the state treasurer shall
27 receive its proportionate share of earnings based upon each account's
28 or fund's average daily balance for the period.

29 (5) In conformance with Article II, section 37 of the state
30 Constitution, no treasury accounts or funds shall be allocated
31 earnings without the specific affirmative directive of this section.

32 NEW SECTION. **Sec. 616.** A new section is added to chapter 41.26
33 RCW to read as follows:

34 The assets, liabilities, and membership of the law enforcement
35 officers' and firefighters' retirement system plan 1, the teachers'
36 retirement system plan 1, and the public employees' retirement system
37 plan 1, are hereby merged into a new plan in chapter 41.--- RCW (the
38 new chapter created in section 701 of this act).

1 NEW SECTION. **Sec. 617.** A new section is added to chapter 41.32
2 RCW to read as follows:

3 The assets, liabilities, and membership of the law enforcement
4 officers' and firefighters' retirement system plan 1, the teachers'
5 retirement system plan 1, and the public employees' retirement system
6 plan 1, are hereby merged into a new plan in chapter 41.--- RCW (the
7 new chapter created in section 701 of this act).

8 NEW SECTION. **Sec. 618.** A new section is added to chapter 41.35
9 RCW to read as follows:

10 The assets, liabilities, and membership of the law enforcement
11 officers' and firefighters' retirement system plan 1, the teachers'
12 retirement system plan 1, and the public employees' retirement system
13 plan 1, are hereby merged into a new plan in chapter 41.--- RCW (the
14 new chapter created in section 701 of this act).

15 NEW SECTION. **Sec. 619.** A new section is added to chapter 41.37
16 RCW to read as follows:

17 The assets, liabilities, and membership of the law enforcement
18 officers' and firefighters' retirement system plan 1, the teachers'
19 retirement system plan 1, and the public employees' retirement system
20 plan 1, are hereby merged into a new plan in chapter 41.--- RCW (the
21 new chapter created in section 701 of this act).

22 NEW SECTION. **Sec. 620.** A new section is added to chapter 41.40
23 RCW to read as follows:

24 The assets, liabilities, and membership of the law enforcement
25 officers' and firefighters' retirement system plan 1, the teachers'
26 retirement system plan 1, and the public employees' retirement system
27 plan 1, are hereby merged into a new plan in chapter 41.--- RCW (the
28 new chapter created in section 701 of this act).

29 NEW SECTION. **Sec. 701.** Sections 201 through 204 of this act
30 constitute a new chapter in Title 41 RCW.

31 NEW SECTION. **Sec. 702.** (1) Sections 401 through 404 of this act
32 are necessary for the immediate preservation of the public peace,
33 health, or safety, or support of the state government and its
34 existing public institutions, and take effect July 1, 2025.

35 (2) Section 615 of this act takes effect July 1, 2028.

1 (3) Except for sections 401 through 404 and 615 of this act, this
2 act takes effect September 1, 2027.

3 NEW SECTION. **Sec. 703.** (1) Section 614 of this act expires July
4 1, 2028.

5 (2) (a) The merger in section 201 of this act must be administered
6 so as to comply with the internal revenue code, Title 26 U.S.C., and
7 specifically with plan qualification requirements imposed on
8 governmental plans by section 401(a) of the internal revenue code.
9 Any section or provision of this act that is susceptible to more than
10 one construction must be interpreted so as to meet this requirement.

11 (b) If the federal internal revenue service issues a
12 determination letter stating that section 201 of this act is in
13 conflict with the plan qualification requirements for governmental
14 plans in section 401(a) of the internal revenue code, and the
15 conflict cannot be resolved through administrative action or
16 statutory change, then:

17 (i) Sections 401 through 404 of this act expire on the next June
18 30th following receipt of the letter or receipt of relevant notice;
19 and

20 (ii) Except for sections 401 through 404 of this act, this act is
21 null and void.

22 (c) The department of retirement systems must provide written
23 notice of the expiration date of sections 401 through 404 of this act
24 to affected parties, the chief clerk of the house of representatives,
25 the secretary of the senate, the office of the code reviser, and
26 others as deemed appropriate by the department.

--- END ---