
SUBSTITUTE SENATE BILL 5834

State of Washington

69th Legislature

2026 Regular Session

By Senate Ways & Means (originally sponsored by Senators Conway and Nobles; by request of Department of Retirement Systems)

READ FIRST TIME 02/04/26.

1 AN ACT Relating to payment of expenses from the earnings of
2 retirement system trust funds; and amending RCW 41.50.255.

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

4 **Sec. 1.** RCW 41.50.255 and 2025 c 424 s 943 are each amended to
5 read as follows:

6 (1) The director is authorized to pay from the interest earnings
7 of the trust funds of the public employees' retirement system, the
8 teachers' retirement system, the Washington state patrol retirement
9 system, the Washington judicial retirement system, the judges'
10 retirement system, the school employees' retirement system, the
11 public safety employees' retirement system, or the law enforcement
12 officers' and firefighters' retirement system lawful obligations of
13 the appropriate system for legal(~~(7)~~) and medical(~~(7 and, during the~~
14 ~~2025-2027 fiscal biennium, administrative)~~) expenses, which expenses
15 are primarily incurred for the purpose of protecting (~~or preventing~~
16 ~~losses from~~) the appropriate trust fund or are incurred in
17 compliance with statutes governing such funds.

18 (2) The term "legal expense" includes, but is not limited to,
19 legal services provided through the legal services revolving fund,
20 fees for expert witnesses, travel expenses, fees for court reporters,
21 cost of transcript preparation, and reproduction of documents.

1 (3) The term "medical expense" includes, but is not limited to,
2 expenses for the medical examination or reexamination of members or
3 retirees, the costs of preparation of medical reports, and fees
4 charged by medical professionals for attendance at discovery
5 proceedings or hearings.

6 (~~The term "administrative expenses" includes, but is not limited~~
7 ~~to, expenses incurred to prevent losses to the trust funds such as~~
8 ~~audits, cybersecurity, petition decisions, departmental liaison work~~
9 ~~with the attorney general's office, and other similar expenses~~
10 ~~incurred by the department to ensure that trust funds are protected~~
11 ~~against risks that might lead to losses from the trust funds.))~~

12 (4) The director may also pay from the interest earnings of the
13 trust funds specified in this section costs incurred in preventing
14 and investigating fraud and collecting overpayments, including
15 expenses incurred to prevent, review, and investigate cases of
16 possible fraud against the trust funds and collection agency fees and
17 other costs incurred in recovering overpayments. Fraud prevention
18 includes expenses related to preventing losses to the trust funds and
19 can include audits, cybersecurity, petition decisions, departmental
20 liaison work with the attorney general's office, and other similar
21 expenses incurred by the department to ensure that trust funds are
22 protected against risks that might lead to losses from the trust
23 funds. Recovered funds must be returned to the appropriate trust
24 funds.

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