

WSR 21-23-081
PROPOSED RULES
DEPARTMENT OF
LABOR AND INDUSTRIES
[Filed November 16, 2021, 8:16 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 21-19-127.

Title of Rule and Other Identifying Information: Pension discount rate. Amending WAC 296-14-8810 Pension tables, pension discount rate and mortality tables in chapter 296-14 WAC, Industrial Insurance.

Hearing Location(s): On January 6, 2022, at 1:00 p.m., Zoom hearing. Join Zoom meeting at <https://lni-wa-gov.zoom.us/j/9361655337>, Meeting ID 936 165 5337; join by phone +1 253-215-8782 US (Tacoma), find your local number <https://lni-wa-gov.zoom.us/u/kdFrdfe0fg>.

Date of Intended Adoption: February 15, 2022.

Submit Written Comments to: Suzy Campbell, P.O. Box 44270, Olympia, WA 98504-4270, email suzanne.campbell@Lni.wa.gov, fax 360-902-5029, by January 6, 2022, by 5:00 p.m.

Assistance for Persons with Disabilities: Contact Ashley Oberst, phone 360-902-4252, fax 360-902-6509, TTY 360-902-4252, email ashley.oberst@Lni.wa.gov, by December 29, 2021.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: The purpose of this rule making is to lower the pension discount rate (PDR) to better align with the rate of return for long-term treasuries for self-insured and state fund pensions. The PDR is the interest rate used to account for the time value of money when evaluating the present value of future pension payments. This rule proposes to lower the PDR for self-insured employers from 5.8 percent to 5.7 percent, and state fund employers from 4.5 percent to 4.0 percent, effective April 1, 2022.

Reasons Supporting Proposal: These reductions allow our financial statements to more accurately reflect our liabilities and overall financial position, and are consistent with recommendations from our annual independent actuarial review of our rate making.

Statutory Authority for Adoption: RCW 51.04.020, 51.44.070(1), 51.44.080.

Statute Being Implemented: RCW 51.44.070.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: Department of labor and industries (L&I), governmental.

Name of Agency Personnel Responsible for Drafting: Suzy Campbell, Tumwater, Washington, 360-902-5003; Implementation: Debra Hatzialexiou, Tumwater, Washington, 360-902-6695; and Enforcement: Vickie Kennedy, Tumwater, Washington, 360-902-4997.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. L&I is exempt from preparing a cost-benefit analysis under RCW 34.05.328 (5)(b)(vi) since the purpose of this rule making is to set or adjust fees or rates pursuant to legislative standards.

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(3) as the rules set or adjust fees under the authority of RCW 19.02.075 or that set or adjust

fees or rates pursuant to legislative standards, including fees set or adjusted under the authority of RCW 19.80.045.

November 16, 2021
Joel Sacks
Director

OTS-3200.2

AMENDATORY SECTION (Amending WSR 21-02-066, filed 1/5/21, effective 4/1/21)

WAC 296-14-8810 Pension tables, pension discount rate and mortality tables. (1) The department uses actuarially determined pension tables for calculating pension annuity values, required pension reserves, and actuarial adjustments to monthly benefit amounts.

(a) The department's actuaries calculate the pension tables based on:

- (i) Mortality tables from nationally recognized sources;
- (ii) The department's experience with rates of mortality, disability, and remarriage for annuity recipients;
- (iii) A pension discount rate of (~~(4.5)~~) 4.0 percent for state fund pensions;
- (iv) A pension discount rate of (~~(5.8)~~) 5.7 percent for self-insured pensions, including the United States Department of Energy pensions; and
- (v) The higher of the two pension discount rates so that pension benefits for both state fund and self-insured recipients use the same reduction factors for the calculation of death benefit options under RCW 51.32.067.

(b) The department's actuaries periodically investigate whether updates to the mortality tables relied on or the department's experience with rates of mortality, disability, and remarriage by its annuity recipients warrant updating the department's pension tables.

(2) To obtain a copy of any of the department's pension tables, contact the department of labor and industries actuarial services.

[Statutory Authority: RCW 51.04.020, 51.44.070(1), and 51.44.080. WSR 21-02-066, § 296-14-8810, filed 1/5/21, effective 4/1/21; WSR 20-02-114, § 296-14-8810, filed 1/2/20, effective 4/1/20; WSR 19-01-096, § 296-14-8810, filed 12/18/18, effective 4/1/19; WSR 18-05-081, § 296-14-8810, filed 2/20/18, effective 4/1/18; WSR 17-05-096, § 296-14-8810, filed 2/14/17, effective 4/1/17; WSR 16-05-087, § 296-14-8810, filed 2/16/16, effective 4/1/16; WSR 15-02-061, § 296-14-8810, filed 1/6/15, effective 4/1/15.]