

WSR 24-21-132
PROPOSED RULES
DEPARTMENT OF
LABOR AND INDUSTRIES
[Filed October 22, 2024, 9:43 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 24-16-129.

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 December 5, 2024, at 9:30 a.m. Join Zoom meeting <https://lni-wa-gov.zoom.us/j/88125201517?pwd=sbPUTVy6bvPhIyIOkcSH238ErHGKKS.1>, Meeting ID 881 2520 1517, Pass-code \$%t5Ri\$+; or join by phone 253-215-8782 US (Tacoma). Find your local number <https://lni-wa-gov.zoom.us/u/kdEkuhmjuL>. The virtual meeting starts at 9:30 a.m. and will continue until all oral comments are received.

Date of Intended Adoption: January 21, 2025.

Submit Written Comments to: Suzy Campbell, Department of Labor and Industries (L&I), Insurance Services, Legal Services, P.O. Box 44270, Olympia, WA 98504-4270, email Suzanne.Campbell@lni.wa.gov, fax 360-902-5029, beginning October 23, 2024, at 8 a.m., by December 5, 2024, at 5 p.m.

Assistance for Persons with Disabilities: Contact Cristina Gaffoglio, phone 360-902-4252, fax 360-902-6509, TTY 360-902-4252, email Cristina.Gaffoglio@lni.wa.gov, by November 27, 2024.

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 pensions. The PDR is the interest rate used to account for the time value money when evaluating the present value of future pension payments. This rule proposes to lower the PDR for self-insured employers from 5.5 percent to 5.4 percent effective April 1, 2025.

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), and 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: L&I, governmental.

Name of Agency Personnel Responsible for Drafting: Suzy Campbell, Tumwater, Washington, 360-902-5003; Implementation: Sarah Jackson, Tumwater, Washington, 360-902-5118; and Enforcement: Brenda Heilman, 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.

Scope of exemption for rule proposal:

Is fully exempt.

October 22, 2024

Joel Sacks

Director

OTS-5865.1

AMENDATORY SECTION (Amending WSR 24-02-069, filed 1/2/24, effective 4/1/24)

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 4.0 percent for state fund pensions;

(iv) A pension discount rate of (~~5.5~~) 5.4 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.