WSR 26-17-040
PERMANENT RULES
DEPARTMENT OF
RETIREMENT SYSTEMS

[Filed August 12, 2026, 9:08 a.m., effective September 12, 2026]

Effective Date of Rule: Thirty-one days after filing.

Purpose: Providing additional clarity regarding the department of retirement systems' use of administrative factors.

Citation of Rules Affected by this Order: New WAC 415-02-305; and amending WAC 415-02-030 and 415-02-300.

Statutory Authority for Adoption: RCW 41.50.050 and 41.45.030.

Adopted under notice filed as WSR 26-14-056 on June 25, 2026.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 1, Amended 2, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 1, Amended 2, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 1, Amended 2, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: August 12, 2026.

Kathryn Leathers
Director

RDS-7200.2

AMENDATORY SECTION (Amending WSR 23-24-091, filed 12/5/23, effective 12/7/23)

WAC 415-02-030 Definitions. This section contains definitions of words and phrases commonly used in the department of retirement systems' rules. It also serves as a directory for finding definitions within the RCW and WAC.

(1) **Accumulated contributions** means the sum of all contributions paid into a member's defined benefit account, including interest.

(2) **Administrative factors** means the actuarial factors, calculated by the office of the state actuary and adopted by the department, as described in WAC 415-02-300. Administrative factors include, but may not be limited to, annuity and service credit purchase factors, early retirement factors, establishing or restoring service credit factors, joint and survivor options factors, monthly benefit per $1.00 of accumulation factors, public employees retirement Plan 1 and teachers' retirement system Plan 1 cost of living adjustment factors, total allocation portfolio (TAP) annuity factors, 415(b) factors, teachers' retirement system Plan 1 option 1 factors, and Washington state patrol retirement system Plan 1 optional survivor factors.

(3) **Appeal** means the proceeding through which a party obtains review of a department action in an adjudicative proceeding conducted under chapter 34.05 RCW (the Administrative Procedure Act) and chapter 415-08 WAC (the department's appeal rules).

((~~(3)~~)) (4) **Average final compensation** is defined in RCW 41.32.010 (TRS); RCW 41.35.010 (SERS); RCW 41.40.010 (PERS); and RCW 41.37.010 (PSERS).

((~~(4)~~)) (5) **Average final salary** for WSPRS is defined in RCW 43.43.120.

((~~(5)~~)) (6) **Cafeteria plan** means a "qualified" employee benefit program under IRC section 125, such as certain health and welfare plans.

((~~(6)~~)) (7) **Calendar month.**

(a) Refers to one of the 12 named months of the year, extending from the first day of the named month through the last day. For example: January 1st through January 31st is a calendar month. February 1st through February 29th is a calendar month in a leap year. March 13th through April 12th is ***not*** a calendar month.

(b) Exception: For the purpose of administering the break in employment required by RCW 41.32.570, 41.32.802, 41.32.862, 41.35.060, 41.37.050 and 41.40.037 for retirees returning to work, one calendar month means 30 consecutive calendar days. For example: Kim's retirement date is August 1st. August 31st would be the earliest Kim could return to work and meet the requirement for a one calendar month break in employment.

((~~(7)~~)) (8) **Compensation earnable or earnable compensation** definitions can be found in RCW 41.32.010 and 41.32.345 (TRS); RCW 41.35.010 (SERS); RCW 41.37.010 (PSERS); and RCW 41.40.010 (PERS).

((~~(8)~~)) (9) **Contribution rate** is:

(a) For employees: The fraction (percent) of compensation a member contributes to a retirement system each month.

(b) For employers: The fraction (percent) of payroll a member's employer contributes to a retirement system each month. Contribution rates vary for the different systems and plans.

((~~(9)~~)) (10) **Deferred compensation** refers to the amount of the participant's compensation, which the participant voluntarily defers from earnings before taxes to a deferred compensation program.

((~~(10)~~)) (11) **Defined benefit plan** is a pension plan in which a lifetime retirement allowance is available, based on the member's service credit and compensation.

((~~(11)~~)) (12) **Defined contribution plan** is a plan in which part of members' or participants' earnings are deferred into investment accounts in which tax is deferred until funds are withdrawn. The benefit is based on the contributions and the amount of return from the investment of the contributions. Members or participants receive the full market rate of return minus expenses. There is no guaranteed rate of return and the value of an account will increase or decrease based upon market fluctuations.

((~~(12)~~)) (13) **Department** means the department of retirement systems.

((~~(13)~~)) (14) **Director** means the director of the department of retirement systems.

((~~(14)~~)) (15) **Employee** means a worker who performs labor or services for a retirement systems employer under the control and direction of the employer as determined under WAC 415-02-110(2). An employee may be eligible to participate as a member of one of the state-adminis-

tered retirement systems according to eligibility requirements specified under the applicable retirement system.

((~~(15)~~)) (16) **Employer** is defined in RCW 41.26.030 (LEOFF), 41.32.010 (TRS), 41.34.020 (Plan 3), 41.35.010 (SERS), 41.37.010 (PSERS) and 41.40.010 (PERS).

((~~(16)~~)) (17) **Ex-spouse** refers to a person who is a party to a "dissolution order" as defined in RCW 41.50.500.

((~~(17)~~)) (18) **Final average salary for LEOFF** is defined in RCW 41.26.030.

((~~(18)~~)) (19) **First employed by an eligible employer in an eligible position** means, for purposes of plan default, first employment with an employer, in an eligible position, with which a member has fully exhausted their plan choice rights.

((~~(19)~~)) (20) **HERPs** mean higher education retirement plans described in chapter 28B.10 RCW, which are non-DRS retirement plans offered by institutions of higher education, such as, but not limited to, University of Washington retirement plan (UWRP) and Western Washington University retirement plan (WWURP).

((~~(20)~~)) (21) **Independent contractor** means a contract worker who is not under the direction or control of the employer as determined under WAC 415-02-110 (2) and (3).

((~~(21)~~)) (22) **IRC** means the Federal Internal Revenue Code of 1986, as subsequently amended.

((~~(22)~~)) (23) **Indexed retirement allowance** means a defined benefit retirement allowance from an indexed retirement plan, payable to a member who separates after having completed at least 20 service credit years, that is increased by 0.0025 percent, compounded for each month from the date of separation to the date that the retirement allowance commences.

((~~(23)~~)) (24) **Indexed retirement plan** means one of the following retirement plans, which are administered by the department of retirement systems and provide an indexed retirement allowance: Law Enforcement Officers' and Firefighters Retirement System Plan 2 (RCW 41.26.530), Public Employees' Retirement System Plan 3 (RCW 41.40.790), School Employees' Retirement System Plan 3 (RCW 41.35.620), and Teachers' Retirement System Plan 3 (RCW 41.32.840).

((~~(24)~~)) (25) **JRF** means the judges' retirement fund created by chapter 2.12 RCW.

((~~(25)~~)) (26) **JRS** means the Washington judicial retirement system created by chapter 2.10 RCW.

((~~(26)~~)) (27) **LEOFF** means the Washington law enforcement officers' and firefighters' retirement system created by chapter 41.26 RCW.

((~~(27)~~)) (28) **Member** means a person who is included in the membership of one of the retirement systems created by chapters 2.10, 2.12, 41.26, 41.32, 41.34, 41.35, 41.37, 41.40, or 43.43 RCW.

((~~(28)~~)) (29) **Nonadministrative position or nonadministrative capacity** refers to retirees returning to work:

(a) In a position at a school district, charter school, educational service district, state school for the deaf, state school for the blind, or tribal school which:

(i) Does not require an administrative certification, as defined by the office of the superintendent of public instruction, (currently positions requiring the certification include: Principal, vice principal, program administrator, conditional administrator, superintendent or program administrator certifications); or

(ii) Does not evaluate staff.

(b) In a position at a state agency or a public institution of higher education as a nonadministrative licensed nurse whose primary responsibility is to provide nursing care as described under WAC 415-106-010(7).

((~~(29)~~)) (30) **Normal retirement** means qualifying for retirement based on the standard age and service credit requirements as specified in RCW 2.10.100 (JRS), 2.12.020 (JRF), 41.26.090 (LEOFF Plan 1), 41.26.430(1) (LEOFF Plan 2), 41.32.470 (TRS Plan 1), 41.32.765(1) (TRS Plan 2), 41.32.875(1) (TRS Plan 3), 41.35.420(1) (SERS Plan 2), 41.35.680(1) (SERS Plan 3), 41.37.210(1) (PSERS), 41.40.180 (PERS Plan 1), 41.40.630(1) (PERS Plan 2), 41.40.820(1) (PERS Plan 3), or 43.43.250 (WSPRS).

((~~(30)~~)) (31) **Participant** means an eligible employee who participates in a deferred compensation plan.

((~~(31)~~)) (32) **Participation agreement** means an agreement that an eligible employee signs to become a participant in a deferred compensation plan.

((~~(32)~~)) (33) **Pension plan** is a plan that provides a lifelong post retirement payment of benefits to employees.

((~~(33)~~)) (34) **PERS** means the Washington public employees' retirement system created by chapter 41.40 RCW.

((~~(34)~~)) (35) **Petition** means the method by which a party requests a review of an administrative determination prior to an appeal to the director. The department's petitions examiner performs the review under chapter 415-04 WAC.

((~~(35)~~)) (36) **Plan 1** means the retirement plans in existence prior to the enactment of chapters 293, 294 and 295, Laws of 1977 ex. sess.

((~~(36)~~)) (37) **Plan 2** means the retirement plans established by chapters 293, 294 and 295, Laws of 1977 ex. sess., chapter 341, Laws of 1998, and chapter 329, Laws of 2001.

((~~(37)~~)) (38) **Plan 3** means the retirement plans established by chapter 239, Laws of 1995, chapter 341, Laws of 1998, and chapter 247, Laws of 2000.

((~~(38)~~)) (39) **Plan choice rights** refers to a member's right, within a 90-day period, to make an irrevocable choice to become a member of Plan 2 or Plan 3 or be defaulted into a plan after the full 90-day period has expired.

(a) A member will be reported in Plan 2 until plan choice rights have been exercised.

(b) A member must make a choice within 90 calendar days (computed as described in RCW 1.12.040) from the first day of employment in an eligible position.

(c) A member will be defaulted into a plan if they continue employment in an eligible position past the 90-day plan choice period without making a choice.

(d) A member may exercise plan choice rights only once per system.

(e) Once a member makes a plan choice, that choice cannot be changed, even if the member is still within 90 days of hire.

((~~(39)~~)) (40) **Plan year** is the 12-month period that begins on January 1st and ends on December 31st of the same calendar year.

((~~(40)~~)) (41) **Portability** is the ability to use membership in more than one Washington state retirement system in order to qualify for retirement benefits. See chapters 41.54 RCW and 415-113 WAC.

((~~(41)~~)) (42) **PSERS** means the Washington public safety employees' retirement system created by chapter 41.37 RCW.

((~~(42)~~)) (43) **Public record** is defined in RCW 42.56.010.

((~~(43)~~)) (44) **Restoration** is the process of restoring a member's service credit for prior periods.

((~~(44)~~)) (45) **Retirement system employer - See "employer."**

((~~(45)~~)) (46) **Rollover** means a distribution that is paid to or from an eligible retirement plan within the statutory time limit allowed.

((~~(46)~~)) (47) **Separation date** is the date a member ends employment in a position eligible for retirement.

((~~(47)~~)) (48) **SERS** means the Washington school employees' retirement system created by chapter 41.35 RCW.

((~~(48)~~)) (49) **Split account** is the account the department establishes for a member or retiree's ex-spouse.

((~~(49)~~)) (50) **Surviving spouse** refers to a person who was married to the member at the time of the member's death and who is receiving or is eligible to receive a survivor benefit.

((~~(50)~~)) (51) **Survivor beneficiary** means a person designated by the member to receive a monthly benefit allowance after the member dies.

((~~(51)~~)) (52) **Survivor benefit** is a feature of a retirement plan that provides continuing payments to a designee after the death of a member or retiree.

((~~(52)~~)) (53) **TRS** means the Washington state teachers' retirement system created by chapter 41.32 RCW.

((~~(53)~~)) (54) **The Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA)** is the federal law that requires employers to reemploy and preserve job security, pension and welfare benefits for qualified employees who engage in military service.

((~~(54)~~)) (55) **WSPRS** means the Washington state patrol retirement system created by chapter 43.43 RCW.

AMENDATORY SECTION (Amending WSR 13-18-034, filed 8/28/13, effective 10/1/13)

WAC 415-02-300 How does the department adopt ((~~and use actuarial~~)) administrative factors? (1) The department ((~~uses actuarial factors for, but not limited to, benefit calculations, annuitizing benefits, and calculating cost to purchase service credit for members, retirees, and beneficiaries.~~

~~(2) The department adopts actuarial factors upon the office of the state actuary's (OSA) recommendation, following OSA's investigation into the mortality, service, compensation, and other experience of retirement plan members, retirees, and beneficiaries.~~

~~(3) The actuarial factors may be amended from time to time, based upon subsequent actuarial investigations.~~

~~(a) Prior to any amendment, the department will post OSA's recommended changes on its website. The process and timeline for public comment before adoption of the new factors will also be posted.~~

~~(b) If the department adopts new factors, they will be available in the department's systems before the effective date, so that benefit estimates can be provided to assist members in retirement planning.~~

~~(c) Actuarial factors displayed on the department's website will be updated with new factors when they become effective.~~)) adopts administrative factors following recommendations by the office of the state actuary (OSA). When underlying economic or demographic assump-

tions for the covered retirement systems change, OSA reviews administrative factors.

(2) Every two years, the following process applies to all retirement systems administered by the department except law enforcement officers' and fire fighters' retirement system (LEOFF) Plan 2:

(a) OSA publishes an economic experience study in the fall of odd-numbered years.

(b) The pension funding council reviews OSA's published study and may adopt updated economic assumptions in fall of odd-numbered years.

(c) If new economic assumptions are adopted, OSA recommends updated factors to the department in the spring of even-numbered years.

(d) In spring of even-numbered years, the department determines whether to adopt updated factors.

(e) If factors are adopted, the department will post them to its website and begin using them in benefit estimate calculations starting in the summer of even-numbered years.

(f) New factors take effect during the first quarter of the following year.

(3) Every two years, the following process applies to LEOFF Plan 2:

(a) OSA publishes an economic experience study in the fall of odd-numbered years.

(b) The LEOFF Plan 2 retirement board reviews OSA's published study and may adopt updated economic assumptions in fall of odd-numbered years.

(c) If new economic assumptions are adopted, OSA notifies the LEOFF Plan 2 retirement board and the department in the spring of even-numbered years of the impact the new economic assumptions have on LEOFF Plan 2 factors.

(d) Upon notification of new LEOFF Plan 2 factors, the department will post them to its website and begin using them in benefit estimate calculations starting in the summer of even-numbered years.

(e) New factors take effect during the first quarter of the following year.

(4) Any adjustments to administrative factors resulting from a demographic experience study conducted by OSA every five to six years are incorporated into the applicable schedule described in subsections (2) and (3) of this section.

NEW SECTION

WAC 415-02-305 How are administrative factors used? The department uses administrative factors in benefit and bill calculation formulas to adjust baseline pension benefits amounts, annuity benefits amounts, and other member billings to account for impacts to the retirement trust funds caused by events including, but not limited to, early retirements, joint and survivor benefit options, and purchasing additional service credits.