

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 2491

Chapter 340, Laws of 1998

55th Legislature
1998 Regular Session

SHARING OF EXTRAORDINARY INVESTMENT GAINS

EFFECTIVE DATE: 4/3/98 - Except section 13 which becomes effective on 6/11/98.

Passed by the House February 27, 1998
Yeas 97 Nays 1

CLYDE BALLARD
Speaker of the
House of Representatives

Passed by the Senate March 5, 1998
Yeas 48 Nays 0

BRAD OWEN
President of the Senate

Approved April 3, 1998

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2491** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

FILED

April 3, 1998 - 5:20 p.m.

Secretary of State
State of Washington

ENGROSSED SUBSTITUTE HOUSE BILL 2491

Passed Legislature - 1998 Regular Session

State of Washington

55th Legislature

1998 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Carlson, H. Sommers, Ogden, Conway, Wolfe, Lambert, D. Sommers, O'Brien, Schoesler, Alexander and Gardner; by request of Joint Committee on Pension Policy)

Read first time 02/07/98. Referred to Committee on .

1 AN ACT Relating to the sharing of extraordinary investment gains;
2 amending RCW 2.10.146, 41.26.460, 41.32.530, 41.32.785, 41.40.188,
3 41.40.660, 41.45.070, 41.45.060, and 41.04.275; adding a new chapter to
4 Title 41 RCW; repealing RCW 41.04.275; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** Beginning July 1, 1998, and on January 1st
7 of even-numbered years thereafter, the annual increase amount as
8 defined in RCW 41.32.010 and 41.40.010 shall be increased by the gain-
9 sharing increase amount, if any. The monthly retirement allowance of
10 a person in receipt of the benefit provided in RCW 41.32.489 or
11 41.40.197 shall immediately be adjusted to reflect any increase.

12 NEW SECTION. **Sec. 2.** (1) The gain-sharing increase amount shall
13 be the amount of increase, rounded to the nearest cent, that can be
14 fully funded in actuarial present value by the amount of extraordinary
15 investment gains, if any. The amount of extraordinary investment gains
16 shall be calculated as follows:

17 (a) One-half of the sum of the value of the net assets held in
18 trust for pension benefits in the teachers' retirement system plan I

1 fund and the public employees' retirement system plan I fund at the
2 close of the previous state fiscal year;

3 (b) Multiplied by the amount which the compound average of
4 investment returns on those assets over the previous four state fiscal
5 years exceeds ten percent.

6 (2) The gain-sharing increase amount for July 1998, as provided for
7 in section 1 of this act, is ten cents.

8 NEW SECTION. **Sec. 3.** The legislature reserves the right to amend
9 or repeal this chapter in the future and no member or beneficiary has
10 a contractual right to receive this postretirement adjustment not
11 granted prior to that amendment or repeal.

12 **Sec. 4.** RCW 2.10.146 and 1996 c 175 s 2 are each amended to read
13 as follows:

14 (1) Upon making application for a service retirement allowance
15 under RCW 2.10.100 or a disability allowance under RCW 2.10.120, a
16 judge who is eligible therefor shall make an election as to the manner
17 in which such service retirement shall be paid from among the following
18 designated options, calculated so as to be actuarially equivalent to
19 each other:

20 (a) Standard allowance. A member selecting this option shall
21 receive a retirement allowance, which shall be computed as provided in
22 RCW 2.10.110. The retirement allowance shall be payable throughout the
23 judge's life. However, if the judge dies before the total of the
24 retirement allowance paid to the judge equals the amount of the judge's
25 accumulated contributions at the time of retirement, then the balance
26 shall be paid to the member's estate, or such person or persons, trust,
27 or organization as the judge has nominated by written designation duly
28 executed and filed with the department of retirement systems or, if
29 there is no such designated person or persons still living at the time
30 of the judge's death, then to the surviving spouse or, if there is
31 neither such designated person or persons still living at the time of
32 death nor a surviving spouse, then to the judge's legal representative.

33 (b) The department shall adopt rules that allow a judge to select
34 a retirement option that pays the judge a reduced retirement allowance
35 and upon death, such portion of the judge's reduced retirement
36 allowance as the department by rule designates shall be continued
37 throughout the life of and paid to a designated person. Such person

1 shall be nominated by the judge by written designation duly executed
2 and filed with the department at the time of retirement. The options
3 adopted by the department shall include, but are not limited to, a
4 joint and one hundred percent survivor option and a joint and fifty
5 percent survivor option.

6 (2)(a) A judge, if married, must provide the written consent of his
7 or her spouse to the option selected under this section, except as
8 provided in (b) of this subsection. If a judge is married and both the
9 judge and the judge's spouse do not give written consent to an option
10 under this section, the department will pay the judge a joint and fifty
11 percent survivor benefit and record the judge's spouse as the
12 beneficiary. Such benefit shall be calculated to be actuarially
13 equivalent to the benefit options available under subsection (1) of
14 this section unless spousal consent is not required as provided in (b)
15 of this subsection.

16 (b) If a copy of a dissolution order designating a survivor
17 beneficiary under RCW 41.50.790 has been filed with the department at
18 least thirty days prior to a member's retirement:

19 (i) The department shall honor the designation as if made by the
20 member under subsection (1) of this section; and

21 (ii) The spousal consent provisions of (a) of this subsection do
22 not apply.

23 (3)(a) Any member who retired before January 1, 1996, and who
24 elected to receive a reduced retirement allowance under subsection
25 (1)(b) or (2) of this section is entitled to receive a retirement
26 allowance adjusted in accordance with (b) of this subsection, if they
27 meet the following conditions:

28 (i) The retiree's designated beneficiary predeceases or has
29 predeceased the retiree; and

30 (ii) The retiree provides to the department proper proof of the
31 designated beneficiary's death.

32 (b) The retirement allowance payable to the retiree, as of July 1,
33 1998, or the date of the designated beneficiary's death, whichever
34 comes last, shall be increased by the percentage derived in (c) of this
35 subsection.

36 (c) The percentage increase shall be derived by the following:

37 (i) One hundred percent multiplied by the result of (c)(ii) of this
38 subsection converted to a percent;

1 (ii) Subtract one from the reciprocal of the appropriate joint and
2 survivor option factor;

3 (iii) The joint and survivor option factor shall be from the table
4 in effect as of July 1, 1998.

5 (d) The adjustment under (b) of this subsection shall accrue from
6 the beginning of the month following the date of the designated
7 beneficiary's death or from July 1, 1998, whichever comes last.

8 **Sec. 5.** RCW 41.26.460 and 1996 c 175 s 3 are each amended to read
9 as follows:

10 (1) Upon retirement for service as prescribed in RCW 41.26.430 or
11 disability retirement under RCW 41.26.470, a member shall elect to have
12 the retirement allowance paid pursuant to the following options,
13 calculated so as to be actuarially equivalent to each other.

14 (a) Standard allowance. A member electing this option shall
15 receive a retirement allowance payable throughout such member's life.
16 However, if the retiree dies before the total of the retirement
17 allowance paid to such retiree equals the amount of such retiree's
18 accumulated contributions at the time of retirement, then the balance
19 shall be paid to the member's estate, or such person or persons, trust,
20 or organization as the retiree shall have nominated by written
21 designation duly executed and filed with the department; or if there be
22 no such designated person or persons still living at the time of the
23 retiree's death, then to the surviving spouse; or if there be neither
24 such designated person or persons still living at the time of death nor
25 a surviving spouse, then to the retiree's legal representative.

26 (b) The department shall adopt rules that allow a member to select
27 a retirement option that pays the member a reduced retirement allowance
28 and upon death, such portion of the member's reduced retirement
29 allowance as the department by rule designates shall be continued
30 throughout the life of and paid to a designated person. Such person
31 shall be nominated by the member by written designation duly executed
32 and filed with the department at the time of retirement. The options
33 adopted by the department shall include, but are not limited to, a
34 joint and one hundred percent survivor option and a joint and fifty
35 percent survivor option.

36 (2)(a) A member, if married, must provide the written consent of
37 his or her spouse to the option selected under this section, except as
38 provided in (b) of this subsection. If a member is married and both

1 the member and member's spouse do not give written consent to an option
2 under this section, the department will pay the member a joint and
3 fifty percent survivor benefit and record the member's spouse as the
4 beneficiary. Such benefit shall be calculated to be actuarially
5 equivalent to the benefit options available under subsection (1) of
6 this section unless spousal consent is not required as provided in (b)
7 of this subsection.

8 (b) If a copy of a dissolution order designating a survivor
9 beneficiary under RCW 41.50.790 has been filed with the department at
10 least thirty days prior to a member's retirement:

11 (i) The department shall honor the designation as if made by the
12 member under subsection (1) of this section; and

13 (ii) The spousal consent provisions of (a) of this subsection do
14 not apply.

15 (3)(a) Any member who retired before January 1, 1996, and who
16 elected to receive a reduced retirement allowance under subsection
17 (1)(b) or (2) of this section is entitled to receive a retirement
18 allowance adjusted in accordance with (b) of this subsection, if they
19 meet the following conditions:

20 (i) The retiree's designated beneficiary predeceases or has
21 predeceased the retiree; and

22 (ii) The retiree provides to the department proper proof of the
23 designated beneficiary's death.

24 (b) The retirement allowance payable to the retiree, as of July 1,
25 1998, or the date of the designated beneficiary's death, whichever
26 comes last, shall be increased by the percentage derived in (c) of this
27 subsection.

28 (c) The percentage increase shall be derived by the following:

29 (i) One hundred percent multiplied by the result of (c)(ii) of this
30 subsection converted to a percent;

31 (ii) Subtract one from the reciprocal of the appropriate joint and
32 survivor option factor;

33 (iii) The joint and survivor option factor shall be from the table
34 in effect as of July 1, 1998.

35 (d) The adjustment under (b) of this subsection shall accrue from
36 the beginning of the month following the date of the designated
37 beneficiary's death or from July 1, 1998, whichever comes last.

1 **Sec. 6.** RCW 41.32.530 and 1996 c 175 s 4 are each amended to read
2 as follows:

3 (1) Upon an application for retirement for service under RCW
4 41.32.480 or retirement for disability under RCW 41.32.550, approved by
5 the department, every member shall receive the maximum retirement
6 allowance available to him or her throughout life unless prior to the
7 time the first installment thereof becomes due he or she has elected,
8 by executing the proper application therefor, to receive the actuarial
9 equivalent of his or her retirement allowance in reduced payments
10 throughout his or her life with the following options:

11 (a) Standard allowance. If he or she dies before he or she has
12 received the present value of his or her accumulated contributions at
13 the time of his or her retirement in annuity payments, the unpaid
14 balance shall be paid to his or her estate or to such person, trust, or
15 organization as he or she shall have nominated by written designation
16 executed and filed with the department.

17 (b) The department shall adopt rules that allow a member to select
18 a retirement option that pays the member a reduced retirement allowance
19 and upon death, such portion of the member's reduced retirement
20 allowance as the department by rule designates shall be continued
21 throughout the life of and paid to a person who has an insurable
22 interest in the member's life. Such person shall be nominated by the
23 member by written designation duly executed and filed with the
24 department at the time of retirement. The options adopted by the
25 department shall include, but are not limited to, a joint and one
26 hundred percent survivor option and a joint and fifty percent survivor
27 option.

28 (c) Such other benefits shall be paid to a member receiving a
29 retirement allowance under RCW 41.32.497 as the member may designate
30 for himself, herself, or others equal to the actuarial value of his or
31 her retirement annuity at the time of his retirement: PROVIDED, That
32 the board of trustees shall limit withdrawals of accumulated
33 contributions to such sums as will not reduce the member's retirement
34 allowance below one hundred and twenty dollars per month.

35 (d) A member whose retirement allowance is calculated under RCW
36 41.32.498 may also elect to receive a retirement allowance based on
37 options available under this subsection that includes the benefit
38 provided under RCW 41.32.770. This retirement allowance option shall
39 also be calculated so as to be actuarially equivalent to the maximum

1 retirement allowance and to the options available under this
2 subsection.

3 (2)(a) A member, if married, must provide the written consent of
4 his or her spouse to the option selected under this section, except as
5 provided in (b) of this subsection. If a member is married and both
6 the member and the member's spouse do not give written consent to an
7 option under this section, the department will pay the member a joint
8 and fifty percent survivor benefit and record the member's spouse as
9 the beneficiary. Such benefit shall be calculated to be actuarially
10 equivalent to the benefit options available under subsection (1) of
11 this section unless spousal consent is not required as provided in (b)
12 of this subsection.

13 (b) If a copy of a dissolution order designating a survivor
14 beneficiary under RCW 41.50.790 has been filed with the department at
15 least thirty days prior to a member's retirement:

16 (i) The department shall honor the designation as if made by the
17 member under subsection (1) of this section; and

18 (ii) The spousal consent provisions of (a) of this subsection do
19 not apply.

20 (3)(a) Any member who retired before January 1, 1996, and who
21 elected to receive a reduced retirement allowance under subsection
22 (1)(b) or (2) of this section is entitled to receive a retirement
23 allowance adjusted in accordance with (b) of this subsection, if they
24 meet the following conditions:

25 (i) The retiree's designated beneficiary predeceases or has
26 predeceased the retiree; and

27 (ii) The retiree provides to the department proper proof of the
28 designated beneficiary's death.

29 (b) The retirement allowance payable to the retiree, as of July 1,
30 1998, or the date of the designated beneficiary's death, whichever
31 comes last, shall be increased by the percentage derived in (c) of this
32 subsection.

33 (c) The percentage increase shall be derived by the following:

34 (i) One hundred percent multiplied by the result of (c)(ii) of this
35 subsection converted to a percent;

36 (ii) Subtract one from the reciprocal of the appropriate joint and
37 survivor option factor;

38 (iii) The joint and survivor option factor shall be from the table
39 in effect as of July 1, 1998.

1 (d) The adjustment under (b) of this subsection shall accrue from
2 the beginning of the month following the date of the designated
3 beneficiary's death or from July 1, 1998, whichever comes last.

4 **Sec. 7.** RCW 41.32.785 and 1996 c 175 s 5 are each amended to read
5 as follows:

6 (1) Upon retirement for service as prescribed in RCW 41.32.765 or
7 retirement for disability under RCW 41.32.790, a member shall elect to
8 have the retirement allowance paid pursuant to the following options,
9 calculated so as to be actuarially equivalent to each other.

10 (a) Standard allowance. A member electing this option shall
11 receive a retirement allowance payable throughout such member's life.
12 However, if the retiree dies before the total of the retirement
13 allowance paid to such retiree equals the amount of such retiree's
14 accumulated contributions at the time of retirement, then the balance
15 shall be paid to the member's estate, or such person or persons, trust,
16 or organization as the retiree shall have nominated by written
17 designation duly executed and filed with the department; or if there be
18 no such designated person or persons still living at the time of the
19 retiree's death, then to the surviving spouse; or if there be neither
20 such designated person or persons still living at the time of death nor
21 a surviving spouse, then to the retiree's legal representative.

22 (b) The department shall adopt rules that allow a member to select
23 a retirement option that pays the member a reduced retirement allowance
24 and upon death, such portion of the member's reduced retirement
25 allowance as the department by rule designates shall be continued
26 throughout the life of and paid to a designated person. Such person
27 shall be nominated by the member by written designation duly executed
28 and filed with the department at the time of retirement. The options
29 adopted by the department shall include, but are not limited to, a
30 joint and one hundred percent survivor option and a joint and fifty
31 percent survivor option.

32 (2)(a) A member, if married, must provide the written consent of
33 his or her spouse to the option selected under this section, except as
34 provided in (b) of this subsection. If a member is married and both
35 the member and member's spouse do not give written consent to an option
36 under this section, the department will pay the member a joint and
37 fifty percent survivor benefit and record the member's spouse as the
38 beneficiary. Such benefit shall be calculated to be actuarially

1 equivalent to the benefit options available under subsection (1) of
2 this section unless spousal consent is not required as provided in (b)
3 of this subsection.

4 (b) If a copy of a dissolution order designating a survivor
5 beneficiary under RCW 41.50.790 has been filed with the department at
6 least thirty days prior to a member's retirement:

7 (i) The department shall honor the designation as if made by the
8 member under subsection (1) of this section; and

9 (ii) The spousal consent provisions of (a) of this subsection do
10 not apply.

11 (3)(a) Any member who retired before January 1, 1996, and who
12 elected to receive a reduced retirement allowance under subsection
13 (1)(b) or (2) of this section is entitled to receive a retirement
14 allowance adjusted in accordance with (b) of this subsection, if they
15 meet the following conditions:

16 (i) The retiree's designated beneficiary predeceases or has
17 predeceased the retiree; and

18 (ii) The retiree provides to the department proper proof of the
19 designated beneficiary's death.

20 (b) The retirement allowance payable to the retiree, as of July 1,
21 1998, or the date of the designated beneficiary's death, whichever
22 comes last, shall be increased by the percentage derived in (c) of this
23 subsection.

24 (c) The percentage increase shall be derived by the following:

25 (i) One hundred percent multiplied by the result of (c)(ii) of this
26 subsection converted to a percent;

27 (ii) Subtract one from the reciprocal of the appropriate joint and
28 survivor option factor;

29 (iii) The joint and survivor option factor shall be from the table
30 in effect as of July 1, 1998.

31 (d) The adjustment under (b) of this subsection shall accrue from
32 the beginning of the month following the date of the designated
33 beneficiary's death or from July 1, 1998, whichever comes last.

34 **Sec. 8.** RCW 41.40.188 and 1996 c 175 s 6 are each amended to read
35 as follows:

36 (1) Upon retirement for service as prescribed in RCW 41.40.180 or
37 retirement for disability under RCW 41.40.210 or 41.40.230, a member
38 shall elect to have the retirement allowance paid pursuant to one of

1 the following options calculated so as to be actuarially equivalent to
2 each other.

3 (a) Standard allowance. A member electing this option shall
4 receive a retirement allowance payable throughout such member's life.
5 However, if the retiree dies before the total of the retirement
6 allowance paid to such retiree equals the amount of such retiree's
7 accumulated contributions at the time of retirement, then the balance
8 shall be paid to the member's estate, or such person or persons, trust,
9 or organization as the retiree shall have nominated by written
10 designation duly executed and filed with the department; or if there be
11 no such designated person or persons still living at the time of the
12 retiree's death, then to the surviving spouse; or if there be neither
13 such designated person or persons still living at the time of death nor
14 a surviving spouse, then to the retiree's legal representative.

15 (b) The department shall adopt rules that allow a member to select
16 a retirement option that pays the member a reduced retirement allowance
17 and upon death, such portion of the member's reduced retirement
18 allowance as the department by rule designates shall be continued
19 throughout the life of and paid to a person nominated by the member by
20 written designation duly executed and filed with the department at the
21 time of retirement. The options adopted by the department shall
22 include, but are not limited to, a joint and one hundred percent
23 survivor option and a joint and fifty percent survivor option.

24 (c) A member may elect to include the benefit provided under RCW
25 41.40.640 along with the retirement options available under this
26 section. This retirement allowance option shall be calculated so as to
27 be actuarially equivalent to the options offered under this subsection.

28 (2)(a) A member, if married, must provide the written consent of
29 his or her spouse to the option selected under this section, except as
30 provided in (b) of this subsection. If a member is married and both
31 the member and the member's spouse do not give written consent to an
32 option under this section, the department shall pay a joint and fifty
33 percent survivor benefit calculated to be actuarially equivalent to the
34 benefit options available under subsection (1) of this section unless
35 spousal consent is not required as provided in (b) of this subsection.

36 (b) If a copy of a dissolution order designating a survivor
37 beneficiary under RCW 41.50.790 has been filed with the department at
38 least thirty days prior to a member's retirement:

1 (i) The department shall honor the designation as if made by the
2 member under subsection (1) of this section; and

3 (ii) The spousal consent provisions of (a) of this subsection do
4 not apply.

5 (3)(a) Any member who retired before January 1, 1996, and who
6 elected to receive a reduced retirement allowance under subsection
7 (1)(b) or (2) of this section is entitled to receive a retirement
8 allowance adjusted in accordance with (b) of this subsection, if they
9 meet the following conditions:

10 (i) The retiree's designated beneficiary predeceases or has
11 predeceased the retiree; and

12 (ii) The retiree provides to the department proper proof of the
13 designated beneficiary's death.

14 (b) The retirement allowance payable to the retiree, as of July 1,
15 1998, or the date of the designated beneficiary's death, whichever
16 comes last, shall be increased by the percentage derived in (c) of this
17 subsection.

18 (c) The percentage increase shall be derived by the following:

19 (i) One hundred percent multiplied by the result of (c)(ii) of this
20 subsection converted to a percent;

21 (ii) Subtract one from the reciprocal of the appropriate joint and
22 survivor option factor;

23 (iii) The joint and survivor option factor shall be from the table
24 in effect as of July 1, 1998.

25 (d) The adjustment under (b) of this subsection shall accrue from
26 the beginning of the month following the date of the designated
27 beneficiary's death or from July 1, 1998, whichever comes last.

28 **Sec. 9.** RCW 41.40.660 and 1996 c 175 s 7 are each amended to read
29 as follows:

30 (1) Upon retirement for service as prescribed in RCW 41.40.630 or
31 retirement for disability under RCW 41.40.670, a member shall elect to
32 have the retirement allowance paid pursuant to one of the following
33 options, calculated so as to be actuarially equivalent to each other.

34 (a) Standard allowance. A member electing this option shall
35 receive a retirement allowance payable throughout such member's life.
36 However, if the retiree dies before the total of the retirement
37 allowance paid to such retiree equals the amount of such retiree's
38 accumulated contributions at the time of retirement, then the balance

1 shall be paid to the member's estate, or such person or persons, trust,
2 or organization as the retiree shall have nominated by written
3 designation duly executed and filed with the department; or if there be
4 no such designated person or persons still living at the time of the
5 retiree's death, then to the surviving spouse; or if there be neither
6 such designated person or persons still living at the time of death nor
7 a surviving spouse, then to the retiree's legal representative.

8 (b) The department shall adopt rules that allow a member to select
9 a retirement option that pays the member a reduced retirement allowance
10 and upon death, such portion of the member's reduced retirement
11 allowance as the department by rule designates shall be continued
12 throughout the life of and paid to a person nominated by the member by
13 written designation duly executed and filed with the department at the
14 time of retirement. The options adopted by the department shall
15 include, but are not limited to, a joint and one hundred percent
16 survivor option and a joint and fifty percent survivor option.

17 (2)(a) A member, if married, must provide the written consent of
18 his or her spouse to the option selected under this section, except as
19 provided in (b) of this subsection. If a member is married and both
20 the member and the member's spouse do not give written consent to an
21 option under this section, the department shall pay a joint and fifty
22 percent survivor benefit calculated to be actuarially equivalent to the
23 benefit options available under subsection (1) of this section unless
24 spousal consent is not required as provided in (b) of this subsection.

25 (b) If a copy of a dissolution order designating a survivor
26 beneficiary under RCW 41.50.790 has been filed with the department at
27 least thirty days prior to a member's retirement:

28 (i) The department shall honor the designation as if made by the
29 member under subsection (1) of this section; and

30 (ii) The spousal consent provisions of (a) of this subsection do
31 not apply.

32 (3)(a) Any member who retired before January 1, 1996, and who
33 elected to receive a reduced retirement allowance under subsection
34 (1)(b) or (2) of this section is entitled to receive a retirement
35 allowance adjusted in accordance with (b) of this subsection, if they
36 meet the following conditions:

37 (i) The retiree's designated beneficiary predeceases or has
38 predeceased the retiree; and

1 (ii) The retiree provides to the department proper proof of the
2 designated beneficiary's death.

3 (b) The retirement allowance payable to the retiree, as of July 1,
4 1998, or the date of the designated beneficiary's death, whichever
5 comes last, shall be increased by the percentage derived in (c) of this
6 subsection.

7 (c) The percentage increase shall be derived by the following:

8 (i) One hundred percent multiplied by the result of (c)(ii) of this
9 subsection converted to a percent;

10 (ii) Subtract one from the reciprocal of the appropriate joint and
11 survivor option factor;

12 (iii) The joint and survivor option factor shall be from the table
13 in effect as of July 1, 1998.

14 (d) The adjustment under (b) of this subsection shall accrue from
15 the beginning of the month following the date of the designated
16 beneficiary's death or from July 1, 1998, whichever comes last.

17 **Sec. 10.** RCW 41.45.070 and 1995 c 239 s 310 are each amended to
18 read as follows:

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

29 (2) In addition to the basic state contribution rate established in
30 RCW 41.45.060 for the law enforcement officers' and fire fighters'
31 retirement system the department shall also establish a supplemental
32 rate to pay for the cost of additional benefits, if any, granted to
33 members of the law enforcement officers' and fire fighters' retirement
34 system. Except as provided in subsection (6) of this section, this
35 supplemental rate shall be calculated by the state actuary and the
36 state treasurer shall transfer the additional required contributions
37 regardless of language to the contrary contained in the statute which
38 authorizes the additional benefits.

1 (3) The supplemental rate charged under this section to fund
2 benefit increases provided to active members of the public employees'
3 retirement system plan I, the teachers' retirement system plan I, the
4 law enforcement officers' and fire fighters' retirement system plan I,
5 and Washington state patrol retirement system, shall be calculated as
6 the level percentage of all members' pay needed to fund the cost of the
7 benefit not later than June 30, 2024.

8 (4) The supplemental rate charged under this section to fund
9 benefit increases provided to active and retired members of the public
10 employees' retirement system plan II, the teachers' retirement system
11 plan II and plan III, or the law enforcement officers' and fire
12 fighters' retirement system plan II, shall be calculated as the level
13 percentage of all members' pay needed to fund the cost of the benefit,
14 as calculated under RCW 41.40.650(~~(, 41.32.775,)~~) or 41.26.450,
15 respectively.

16 (5) The supplemental rate charged under this section to fund
17 postretirement adjustments which are provided on a nonautomatic basis
18 to current retirees shall be calculated as the percentage of pay needed
19 to fund the adjustments as they are paid to the retirees. The
20 supplemental rate charged under this section to fund automatic
21 postretirement adjustments for active or retired members of the public
22 employees' retirement system plan I and the teachers' retirement system
23 plan I shall be calculated as the level percentage of pay needed to
24 fund the cost of the automatic adjustments not later than June 30,
25 2024.

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

29 **Sec. 11.** RCW 41.45.060 and 1995 c 239 s 309 are each amended to
30 read as follows:

31 (1) The state actuary shall provide actuarial valuation results
32 based on the assumptions adopted under RCW 41.45.030.

33 (2) Not later than September 30, 1996, and every two years
34 thereafter, consistent with the assumptions adopted under RCW
35 41.45.030, the council shall adopt both: (a) A basic state
36 contribution rate for the law enforcement officers' and fire fighters'
37 retirement system; and (b) basic employer contribution rates for the
38 public employees' retirement system plan I, the teachers' retirement

1 system plan I, and the Washington state patrol retirement system to be
2 used in the ensuing biennial period.

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

5 (a) To fully amortize the total costs of the public employees'
6 retirement system plan I, the teachers' retirement system plan I, the
7 law enforcement officers' and fire fighters' retirement system plan I,
8 and the unfunded liability of the Washington state patrol retirement
9 system not later than June 30, 2024, except as provided in subsection
10 (5) of this section; and

11 (b) To also continue to fully fund the public employees' retirement
12 system plan II, the teachers' retirement system plans II and III, and
13 the law enforcement officers' and fire fighters' retirement system plan
14 II in accordance with RCW 41.40.650, 41.26.450, and this section.

15 (4) The aggregate actuarial cost method shall be used to calculate
16 a combined plan II and III employer contribution rate.

17 (5) An amount equal to the amount of extraordinary investment gains
18 as defined in section 2 of this act shall be used to shorten the
19 amortization period for the public employees' retirement system plan I
20 and the teachers' retirement system plan I.

21 (6) The council shall immediately notify the directors of the
22 office of financial management and department of retirement systems of
23 the state and employer contribution rates adopted.

24 ~~((+6))~~ (7) The director of the department of retirement systems
25 shall collect those rates adopted by the council.

26 **Sec. 12.** RCW 41.04.275 and 1994 c 298 s 6 are each amended to read
27 as follows:

28 The pension funding account is created in the state treasury.
29 Moneys in the account may be spent only after appropriation.
30 ~~((Expenditures from the account may be used only for the continuing~~
31 ~~costs of any state retirement system benefits in effect on July 1,~~
32 ~~1993, consistent with section 919, chapter 24, Laws of 1993 sp. sess.))~~

33 NEW SECTION. **Sec. 13.** RCW 41.04.275 and 1994 c 298 s 6 are each
34 repealed effective July 1, 1998.

35 NEW SECTION. **Sec. 14.** Except for section 13 of this act, this act
36 is necessary for the immediate preservation of the public peace,

1 health, or safety, or support of the state government and its existing
2 public institutions, and takes effect immediately.

3 NEW SECTION. **Sec. 15.** Sections 1 through 3 of this act constitute
4 a new chapter in Title 41 RCW.

Passed the House February 27, 1998.

Passed the Senate March 5, 1998.

Approved by the Governor April 3, 1998.

Filed in Office of Secretary of State April 3, 1998.