

SHB 1998 - H AMD 366

By Representative Anderson

WITHDRAWN 03/05/2011

1 On page 2, after line 36, insert the following:

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3 "Sec. 3. RCW 41.45.035 and 2009 c 561 s 2 are each amended to
4 read as follows:

5 (1) Beginning July 1, 2001, the following long-term economic
6 assumptions shall be used by the state actuary for the purposes of RCW
7 41.45.030:

8 (a) The growth in inflation assumption shall be 3.5 percent;

9 (b) The growth in salaries assumption, exclusive of merit or
10 longevity increases, shall be 4.5 percent;

11 (c) The investment rate of return assumption shall be ~~((8))~~7.5
12 percent; and

13 (d) The growth in system membership assumption shall be 1.25
14 percent for the public employees' retirement system, the public safety
15 employees' retirement system, the school employees' retirement system,
16 and the law enforcement officers' and firefighters' retirement system.
17 The assumption shall be .90 percent for the teachers' retirement
18 system.

19 (2) Beginning July 1, 2009, the growth in salaries assumption for
20 the public employees' retirement system, the public safety employees'
21 retirement system, the teachers' retirement system, the school
22 employees' retirement system, plan 1 of the law enforcement officers'
23 and firefighters' retirement system, and the Washington state patrol
24 retirement system, exclusive of merit or longevity increases, shall be
25 the sum of:

26 (a) The growth in inflation assumption in subsection (1)(a) of
27 this section; and

1 (b) The productivity growth assumption of 0.5 percent.

2 (3)(a) Beginning with actuarial studies done after July 1, 2003,
3 changes to plan asset values that vary from the long-term investment
4 rate of return assumption shall be recognized in the actuarial value
5 of assets over a period that varies up to eight years depending on the
6 magnitude of the deviation of each year's investment rate of return
7 relative to the long-term rate of return assumption. Beginning with
8 actuarial studies performed after July 1, 2004, the actuarial value of
9 assets shall not be greater than one hundred thirty percent of the
10 market value of assets as of the valuation date or less than seventy
11 percent of the market value of assets as of the valuation date.
12 Beginning April 1, 2004, the council, by affirmative vote of four
13 councilmembers, may adopt changes to this asset value smoothing
14 technique. Any changes adopted by the council shall be subject to
15 revision by the legislature.

16 (b) The state actuary shall periodically review the
17 appropriateness of the asset smoothing method in this section and
18 recommend changes to the council as necessary. Any changes adopted by
19 the council shall be subject to revision by the legislature."

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21 Renumber the remaining section and correct the title.

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EFFECT: Reduces the long-term investment rate of return
assumption used by the State Actuary for calculating the future
value of the assets in the Washington State Retirement Systems from
8 percent per year to 7.5 percent per year.

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