
SENATE BILL 5983

State of Washington

66th Legislature

2019 Regular Session

By Senator Van De Wege

1 AN ACT Relating to the law enforcement officers' and
2 firefighters' plan 2 pension system; amending RCW 41.26.802 and
3 41.26.805; creating a new section; repealing RCW 41.26.800; and
4 declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the current
7 benefit formula and contributions for the law enforcement officers'
8 and firefighters' plan 2 are inadequate to modify that formula to
9 achieve pension adequacy for the shorter working careers of
10 firefighters and police officers. The legislature recognizes that
11 although some officers and firefighters are able to work comfortably
12 beyond twenty-five years, the combat nature of fire suppression and
13 law enforcement generally require earlier retirement ages. In
14 recognition of the physical demands of the professions and the
15 inherent risks faced by law enforcement officers and firefighters,
16 eligibility for retirement in the law enforcement officers' and
17 firefighters' plan 2 system has been set at age fifty-three. However,
18 the benefit formula is designed for careers of thirty-five to forty
19 years, making retirement at age fifty-three an unrealistic option for
20 many.

1 Therefore, the legislature declares that it is the purpose of
2 this act to hasten the affordability of law enforcement officers' and
3 firefighters' plan 2 benefit improvements, consistent with the intent
4 associated with the creation of the benefits improvement fund, and
5 designate reserves of the law enforcement officers' and firefighters'
6 plan 2 for the sole purpose of benefit improvements.

7 **Sec. 2.** RCW 41.26.802 and 2017 3rd sp.s. c 1 s 964 are each
8 amended to read as follows:

9 ~~(1) ((By September 30, 2011, if the prior fiscal biennium's~~
10 ~~general state revenues exceed the previous fiscal biennium's revenues~~
11 ~~by more than five percent, subject to appropriation by the~~
12 ~~legislature, the state treasurer shall transfer five million dollars~~
13 ~~to the local public safety enhancement account.~~

14 ~~(2) By September 30, 2019, and by September 30 of each odd-~~
15 ~~numbered year thereafter, if the prior fiscal biennium's general~~
16 ~~state revenues exceed the previous fiscal biennium's revenues by more~~
17 ~~than five percent, subject to appropriation by the legislature, the~~
18 ~~state treasurer shall transfer the lesser of one-third of the~~
19 ~~increase, or fifty million dollars, to the local public safety~~
20 ~~enhancement account.)) Prior to the effective date of this section,~~
21 ~~this section required certain transfers to be made to the local~~
22 ~~public safety enhancement account. After the effective date of this~~
23 ~~section, except for the transfer in subsection (2) of this section,~~
24 ~~no further transfers will be made to the local public safety~~
25 ~~enhancement account pursuant to this section.~~

26 (2) On July 1, 2019, the state treasurer shall transfer the sum
27 of three hundred million dollars from the law enforcement officers'
28 and firefighters' plan 2 retirement fund to the local law enforcement
29 officers' and firefighters' retirement system benefits improvement
30 account.

31 **Sec. 3.** RCW 41.26.805 and 2008 c 99 s 3 are each amended to read
32 as follows:

33 (1) The local law enforcement officers' and firefighters'
34 retirement system benefits improvement account (benefits account) is
35 created within the law enforcement officers' and firefighters'
36 retirement system plan 2 fund. ~~((All receipts from RCW 41.26.800(1)~~
37 ~~must be deposited into the account.))~~

1 (2) The funds in the benefits account shall not be included by
2 the actuary retained by the board in the calculation of the market
3 value of assets of the law enforcement officers' and firefighters'
4 retirement system plan 2 fund until the board directs the actuary
5 retained by the board in writing to do so for purposes of financing
6 benefits enacted by the legislature. The board shall, in consultation
7 with the state investment board and within ninety days of the
8 transfer of funds into the benefits account, provide the actuary
9 retained by the board, in writing, the market value of the amount
10 directed from the benefits account for inclusion in the calculation
11 of the market value of assets of the law enforcement officers' and
12 firefighters' retirement system plan 2 fund. The market value of the
13 amount directed from the benefits account shall be an amount
14 determined by the state actuary to sufficiently offset the unfunded
15 actuarial accrued liabilities of benefit improvements financed from
16 this account. The market value of the amount directed from the
17 benefits account shall be determined as of the date of the direction
18 from the board to include this amount for purposes of financing
19 benefits enacted by the legislature.

20 (3) The law enforcement officers' and firefighters' plan 2
21 retirement board shall administer the fund in an actuarially sound
22 manner.

23 (4) The state investment board has the full power to invest,
24 reinvest, manage, contract, sell, or exchange investment money in the
25 benefits account. The state investment board is authorized to adopt
26 investment policies for the money in the benefits account. All
27 investment and operating costs associated with the investment of
28 money within the benefits account shall be paid pursuant to RCW
29 43.33A.160 and 43.84.160. With the exception of these expenses, the
30 earnings from the investment of the money shall be retained by the
31 benefits account.

32 (5) All investments made by the state investment board shall be
33 made with the exercise of that degree of judgment and care pursuant
34 to RCW 43.33A.140 and the investment policy established by the state
35 investment board.

36 (6) When appropriate for investment purposes, the state
37 investment board may commingle money in the fund with other funds.

38 (7) The authority to establish all policies relating to the
39 benefits account, other than the investment policies set forth in
40 this section, resides with the law enforcement officers' and

1 firefighters' plan 2 retirement board. Other than investments by and
2 expenses of the state investment board, disbursements from this fund
3 may be made only on the authorization of the law enforcement
4 officers' and firefighters' plan 2 retirement board for purposes of
5 funding the member, employer, and state cost of financing benefits
6 enacted by the legislature.

7 (8) The state investment board shall routinely consult with and
8 communicate with the law enforcement officers' and firefighters' plan
9 2 retirement board on the investment policy, earnings of the trust,
10 and related needs of the benefits account.

11 (9) Funds in the benefits account cannot be used to finance
12 future benefit improvements if the state actuary determines that the
13 actuarial present value of fully projected benefits for current and
14 future members for all benefits being financed from this account
15 exceeds the actuarial present value of the revenue provided under RCW
16 41.26.802 and the accrued earnings of the benefits account. When
17 making the determination under this subsection, the state actuary
18 shall select assumptions and methods to reduce the risk that the
19 actual revenue received is less than the assumed revenue.

20 NEW SECTION. **Sec. 4.** RCW 41.26.800 (Local public safety
21 enhancement account—Creation—Distribution—Uses) and 2008 c 99 s 2
22 are each repealed.

23 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
24 preservation of the public peace, health, or safety, or support of
25 the state government and its existing public institutions, and takes
26 effect immediately.

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