



OFFICE OF FINANCIAL MANAGEMENT

S T A T E O F W A S H I N G T O N

Washington State Patrol Retirement System Pension Concerns Study

Office of Financial Management

October 2008

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Executive Summary

The 2008 Supplemental Transportation Budget directed the Office of Financial Management to study “the most cost-effective means of ensuring that the pension concerns of the members of the Washington State Patrol Retirement System are adequately and appropriately considered and submitted to the legislature.”

Options

A number of alternative approaches to accomplishing this purpose were considered. In general, the greater the degree of pension plan member input that is provided, the greater the cost. From among these alternatives, three options were identified as cost-effective. These options are:

Directed Funding *Directed funding* to the Select Committee on Pension Policy, through a budget proviso, would be the least expensive way to provide additional resources to address the concerns of the members of the Washington State Patrol Retirement System (WSPRS). The amount of funding would determine the extent of support available.

Standing Subcommittee A *standing subcommittee* of the Select Committee on Pension Policy (SCPP), with additional members representing the WSPRS, would provide an ongoing structure in which to meet the goal of considering WSPRS member concerns. A biennial cost of \$600,000 would provide 2.75 full-time equivalents of staff support, to consider issues of the WSPRS, Public Safety Employees’ Retirement System, and Law Enforcement Officers’ and Firefighters’ Retirement System Plan 1.

Policy Board A *policy board* devoted to issues specific to the WSPRS would be more expensive but would provide the greatest degree of member involvement. Cost would be about \$1.1 million biennially, although that cost could potentially be lowered by streamlining some staff functions.

Although each of these options appears to be cost-effective, they vary in cost and in the degree of member input they would provide.



Introduction

- Introduction** In the 2008 Supplemental Transportation Budget (C 128 L 2008 Sec. 102), the Legislature directed the Office of Financial Management (OFM) to study “the most cost-effective means of ensuring that the pension concerns of the members of the Washington State Patrol Retirement System are adequately and appropriately considered and submitted to the Legislature.” The OFM consulted with staff from the House and Senate fiscal and transportation committees, Department of Retirement Systems (DRS), Office of the State Actuary (OSA), Washington State Patrol (WSP), Washington State Patrol Troopers’ Association and Washington State Patrol Lieutenants’ Association. Additional advice and assistance were provided by the staff of the Law Enforcement Officers’ and Firefighters’ Retirement System Plan 2 Board.
- Problem Statement** Members of WSPRS have expressed a desire for additional research, actuarial work, and other resources devoted specifically to the concerns of that system. This is a pension system with a relatively small number of members and a single employer, the WSP. This means that WSPRS costs are distributed across a relatively small budget and few people.
- In the current structure, the SCPP considers pension policy issues for state retirement systems other than the Law Enforcement Officers’ and Firefighters’ Retirement System Plan 2. These systems are all larger than the WSPRS and require most of the research and analytic resources available to the SCPP. The WSPRS membership would like additional focus on their concerns and issues specific to their pension system. The Transportation Budget directs OFM to consider cost-effective means to accomplish this goal.
- Background** The WSPRS is a state pension system with membership composed exclusively of commissioned officers, all of whom are employed by the WSP. It has two plans: a closed plan for members first hired prior to January 1, 2003, and an open plan for those hired after that date. Benefits are administered by DRS, assets are managed by the State Investment Board (SIB), and contribution rates are adopted by the Pension Funding Council (PFC), subject to revision by the Legislature. The SCPP has the responsibility to study issues, develop policies, and make recommendations to the Legislature for this pension system. The SCPP also performs these functions for the Public Employees’ Pension System, Teachers’ Retirement System, School Employees’ Retirement System, Public Safety Employees’ Retirement System, and Law Enforcement Officers’ and Firefighters’ Retirement System Plan 1. (The Law Enforcement Officers’ and Firefighters’ Retirement System Plan 2 has a separate board with this role.)

Washington State Patrol Retirement System

	Plan 1	Plan 2
Active Members	885	152
Average Age	41.4	30.5
Average Service	14.7	3.4
Retirees & Beneficiaries	821	0
Disabled Members	57	0
Estimated Annual DRS Administration Fee	\$122,000	\$13,000
Actuarial Basis Funded Ratio	118%	118%
<i>(Plan 1 and Plan 2 are both included in a single fund)</i>		

Source: 2007 Actuarial Valuation, Office of the State Actuary

The WSPRS system was created in 1947 under the direction of the Washington State Patrol Retirement System Board. The original board was comprised of seven members:

- Chief of the Washington State Patrol (who served as chairman);
- Commissioner of Insurance;
- State Auditor;
- Two employee members from western Washington, elected by members of the plan; and
- Two employee members from eastern Washington, elected by members of the plan.

In its first year, the plan made benefit payments of \$491.60. Current annual benefit payments exceed \$31 million. After the creation of DRS in 1976¹, administration of the WSPRS and the other state pension systems was transferred to that department.

In 2001, C 329 L 2001 created a Plan 2 for newly hired members, aligning the plan design with other state Plan 2 pension systems. The original Plan 1 was closed to new entrants.

During the 2008 legislative session, bills were introduced that would have created a new board to oversee the WSPRS (House Bill 3211 and Senate Bill 6455). These proposals did not pass the Legislature, but the requirement for a study was included in the Transportation Budget.

¹ RCW 41.50.030;1975-'76 2nd ex.s. c 105 § 5



Options

Options Four alternative structures were examined. While these do not represent an exhaustive list of possible options, they do represent a range of possible choices. In addition, each option is amenable to variations, such as the specific relationships it would have with other state agencies.

Select Committee on Pension Policy (SCPP) **Select Committee on Pension Policy²** – This committee currently has responsibility for policy recommendations for state pension systems other than the LEOFF Plan 2. The SCPP has 20 members:

- Four members of the Senate;
- Four members of the House of Representatives;
- Four representatives of active members of the retirement systems;
- Two representatives of retired members of the retirement systems;
- Four employer representatives;
- The director of the Department of Retirement Systems; and
- The director of the Office of Financial Management.

The SCPP is staffed by the Office of the State Actuary, giving it access to specialized expertise and institutional knowledge. The State Actuary has a staff of 12.5 FTEs and an annual budget of about \$1.7 million. Funding comes from the Department of Retirement Systems Expense Account, which is charged as a percentage of pension plan member salaries, collected only from employers.

The expertise available to the SCPP, however, is also devoted to the other pension systems. Membership in these systems includes state employees, as well as employees of local governments, schools, and special districts. The WSPRS has relatively few members compared to the total membership of state pension systems, and receives only a part of the committee’s attention.

Membership of WSPRS Compared to All Systems

System	Active Members
Total All Systems	294,190
WSPRS	1,037
Total All Systems	100%
WSPRS	0.04%

Source: 2007 Actuarial Valuation, Office of the State Actuary

² RCW 41.04.276

Despite the small size of this plan, however, the SCPP has requested several pieces of legislation dealing with it exclusively. Some have become law.

Legislation Dealing Exclusively with WSPRS

Session	Bill Number	Title	SCPP Request	Passed
2003	HB 1323	Retirement age for WSPRS members	No	No
2003	HB 1585	WSP retirement system plan 1	No	No
2003	SB 5699	Benefits for surviving spouses and children of state patrol officers	No	No
2004	HB 2534	WSP retiree death benefits	Yes	C 170
	<i>cf</i> SB 6254		Yes	C 171
2005	HB 1317	Member contribution rates in the WSPRS	Yes	No
	<i>cf</i> SB 5341		Yes	No
2005	HB 1564	Raising mandatory retirement age for WSPRS members	No	No
2006	HB 2682	Contribution rates in WSPRS	Yes	No
	<i>cf</i> SB 6446		Yes	No
2006	HB 3137	Benefits for surviving spouses of disabled WSP officers	No - DRS	C 94
2007	HB 1260	Contribution rates in WSPRS	Yes	C 300
	<i>cf</i> SB 5171		Yes	No
2007	HB 1325	Retirement age for WSPRS	No	No
	<i>cf</i> SB 5313		No	C 87 (PV)
2007	HB 1417	Reimbursement for certain WSPRS survivor benefits	No	C 488 (PV)
	<i>cf</i> SB 5499		No	No
2008	HB 3211	Controlling the WSPRS	No	No
	<i>cf</i> SB 6455		No	No

(cf indicates companion bills.)

Retaining the current structure would have no additional cost beyond any resources that the SCPP might choose to devote to WSPRS issues.

Variation on this Option: Directed Funding

Directed Funding - Without changing the statutory responsibilities of the SCPP, if the Legislature wanted an increase in resources for the study of WSPRS issues, it could include a proviso in the budget of the Office of the State Actuary and restrict a portion of its funding to the consideration of WSPRS matters. This could be done with or without increasing overall funding. If no additional funding is provided, the resources available for the study of other issues would be commensurately reduced.

Revisions to the SCPP Under current law, a member of the WSPRS could be appointed to the SCPP. Still, the other pension plans have much larger memberships, and no WSPRS members serve on the SCPP. To provide additional focus on issues of concern to WSPRS members, the SCPP could be reconfigured to include membership of WSPRS representatives. In addition, the public safety subcommittee of the SCPP would be an opportunity for WSPRS involvement.

The statute authorizing the SCPP allows for three subcommittees for pension plans in the functional areas of public safety, education, and general state and local government service³. These subcommittees are not mandated, and have not been activated. The subcommittee for public safety includes the WSPRS, LEOFF 1 Plan, and the recently created Public Safety Employees' Retirement System⁴. Formation of this subcommittee could be made mandatory rather than discretionary.

Public Safety Subcommittee Plans Compared to All Systems

System	Active Members
Total All Systems	294,190
WSPRS	1,037
LEOFF 1	513
PSERS	2,755
Public Safety Subcommittee Total	4,305
Total All Systems	100%
Public Safety Subcommittee Total	1.5%
Public Safety Subcommittee Total	100%
WSPRS	24.1%

Source: 2007 Actuarial Valuation, Office of the State Actuary

The State Actuary estimates that it would cost about \$0.6 million biennially to support a public safety subcommittee of the SCPP. This would provide 2.75 FTEs of staff support. Both the cost and staff support would be shared with members of other pension systems, making this another relatively low-cost option.

Creation of a Policy Board This alternative would create a new Washington State Patrol Retirement System Board. Possible variations could include:

- a completely independent board, with employees hired by the board itself;
- a board that contracts for support with an executive branch cabinet agency, such as the WSP or the DRS; or
- a board that contracts with another board (such as the LEOFF 2 Board or the SCPP) for support.

³ RCW 41.04.278

⁴ Chapter 41.37 RCW

For discussion purposes and to provide agencies with sufficient information to prepare cost estimates, it was assumed that the board would have the functions displayed in the following table (page 10). Principal among these duties, the policy board would assume responsibility for studying WSPRS pension and benefit issues, and make recommendations to the Governor for submittal to the Legislature. It would also consult with the DRS on improving benefit administration and member services, conduct public meetings, and communicate with members of the retirement system.

Based on the duties specified, the preliminary cost estimate for a policy board is \$1.1 million over the two-year period of the 2009–11 Biennium. About one-quarter of this amount would be for support from the State Actuary (which estimates that it would require an additional 1.25 FTEs to perform this function), with most of the remainder for board staff (3.0 FTEs), equipment, and board travel expenses. The board could hire these staff directly or contract with another state agency for staff support other than the director.

Variation on this Option: Streamline Administration

While the State Actuary has responsibility for providing actuarial fiscal notes on all legislation, actuarial analysis can be useful much earlier in the process of developing pension proposals. Such analysis can provide a general idea of cost impact and help to narrow the field of possible proposals. The board staff could include an actuary as executive director or in a research position. Provision of actuarial work by the board staff would reduce the amount of time that could be spent on other administrative or research responsibilities, yet it could also reduce the overall cost of the board. Removing the need to contract for services with the State Actuary, while increasing the pay range of the executive director to that of an Actuary 3 or Actuary 4 in the state system, could reduce the cost of this option by about \$200,000 each biennium, even assuming the higher salary cost for the actuary/executive director.

Creation of an Oversight Board (similar to the LEOFF 2 Board)

The Law Enforcement Officers’ and Firefighters’ Plan 2 Board was created by Initiative 790 in 2002. This is an 11-member board, created as a separate state agency, with a biennial budget of about \$2.1 million. A staff of 6 FTEs provides research on issues of interest to the 17,000 active and retired plan members.

House Bill 3211 and Senate Bill 6455 would have created a similar board to oversee the WSPRS. The duties performed by an oversight board are detailed in the table below (page 11), and in addition to the functions described for a policy board, would include oversight of actuarial and financial audits, adoption of contribution rates and review of appeals of benefit decisions.

The fiscal note prepared for these bills during the 2008 legislative session estimated a biennial cost of \$1.2 million. An updated, preliminary estimate for a similar board is a biennial cost of \$1.4 million. (An increase in estimated costs to the State Actuary is responsible for much of the difference.) This amount would provide for a board staff of 4 FTEs and another 1.5 FTEs of support from the State Actuary.

Variations would include: a) a completely independent board; or b) a board “housed” within an executive branch agency, such as DRS, for purposes of consolidating support functions.

Potential WSPRS Board Responsibilities

Function	Policy Board	Oversight Board
<i>Administration</i>		
Adopt rules and regulations (formal)		X
Prepare (financial) reports		X
Hear appeals		X
Adopt actuarially equivalent benefit schedules		X
Actuarial services, studies		X
Member communications	X	X
Conduct public meetings	X	X
<i>Oversight</i>		
Actuarial audits		X
Adoption of economic assumptions		X
Adoption of pension contribution rates		X
Act as fiduciary		X
Study issues, develop policies, and recommend to legislature (Governor)	X	X
<i>Pension Design</i>		
Recommend benefit changes to legislature (Governor)	X	X
Consult on benefit administration	X	X
Advise on benefit, funding and/or investment policies		X

Current Agency and Potential WSPRS (Policy) Board Responsibilities

Function	BRD	DRS ¹	PFC ²	SCPP ³	LEOFF2 Bd ⁴	ERBB ⁵	OSA ⁶	SIB ⁷	OST ⁸
Administration									
Inspect and audit fund records		x							
Adopt rules and regulations (formal)		x			x			x	x
Collect contributions and employment data		x							
Maintain records		x						x	
Adopt actuarial tables		x			x				
Prepare (financial) reports		x			x			x	x
Fix interest rates for accounts		x							
Hear appeals		x							
Benefit payments		x							
Custody and accounting for funds									x
Investment of funds								x	
Recommend investment options						x			
Adopt actuarially equivalent benefit schedules					x	x			
Set admin fees for self directed accounts						x			
Actuarial services, studies					x		x		
Member communications	x	x			x				
Conduct public meetings	x	x	x	x	x	x			
Oversight									
Actuarial audits			x		x				
Adoption of economic assumptions			x		x				
Adoption of pension contribution rates			x		x				
Modification of smoothing method			x		x				
Rate/assumption recommendations to PFC				x			x		
Act as fiduciary					x			x	
Study issues, develop policies, and recommend to legislature (Governor)	x			x	x				
Consult on membership of the State Actuary Appointment Committee				x					
Form subcommittees				x	x				
Pension Design									
Design benefits - within contribution limitation					x				
Recommend benefit changes to legislature (Governor)	x			x	x				
Consult on benefit administration	x				x				
Advise on benefit, funding and/or investment policies							x		

¹Department of Retirement Systems

²Pension Funding Council

³Select Committee on Pension Policy

⁴Law Enforcement Officers' and Firefighters' Retirement System Plan 2 Board

⁵Employee Retirement Benefits Board

⁶Office of the State Actuary

⁷Washington State Investment Board

⁸Office of the State Treasurer

Current Agency and Potential WSPRS (Oversight) Board Responsibilities

Function	BRD	DRS ¹	PFC ²	SCPP ³	LEOFF2 Bd ⁴	ERBB ⁵	OSA ⁶	SIB ⁷	OST ⁸
Administration									
Inspect and audit fund records		x							
Adopt rules and regulations (formal)	x	x			x			x	x
Collect contributions and employment data		x							
Maintain records		x						x	
Adopt actuarial tables		x			x				
Prepare (financial) reports	x	x			x			x	x
Fix interest rates for accounts		x							
Hear appeals	x	x							
Benefit payments		x							
Custody and accounting for funds									x
Investment of funds								x	
Recommend investment options						x			
Adopt actuarially equivalent benefit schedules	x				x	x			
Set admin fees for self directed accounts						x			
Actuarial services, studies	x				x		x		
Member communications	x	x			x				
Conduct public meetings	x	x	x	x	x	x			
Oversight									
Actuarial audits	x		x		x				
Adoption of economic assumptions	x		x		x				
Adoption of pension contribution rates	x		x		x				
Modification of smoothing method			x		x				
Rate/assumption recommendations to PFC				x			x		
Act as fiduciary	x				x			x	
Study issues, develop policies, and recommend to legislature (Governor)	x			x	x				
Consult on membership of the State Actuary Appointment Committee				x					
Form subcommittees				x	x				
Pension Design									
Design benefits - within contribution limitation					x				
Recommend benefit changes to legislature (Governor)	x			x	x				
Consult on benefit administration	x				x				
Advise on benefit, funding and/or investment policies	x						x		

¹Department of Retirement Systems

²Pension Funding Council

³Select Committee on Pension Policy

⁴Law Enforcement Officers' and Firefighters' Retirement System Plan 2 Board

⁵Employee Retirement Benefits Board

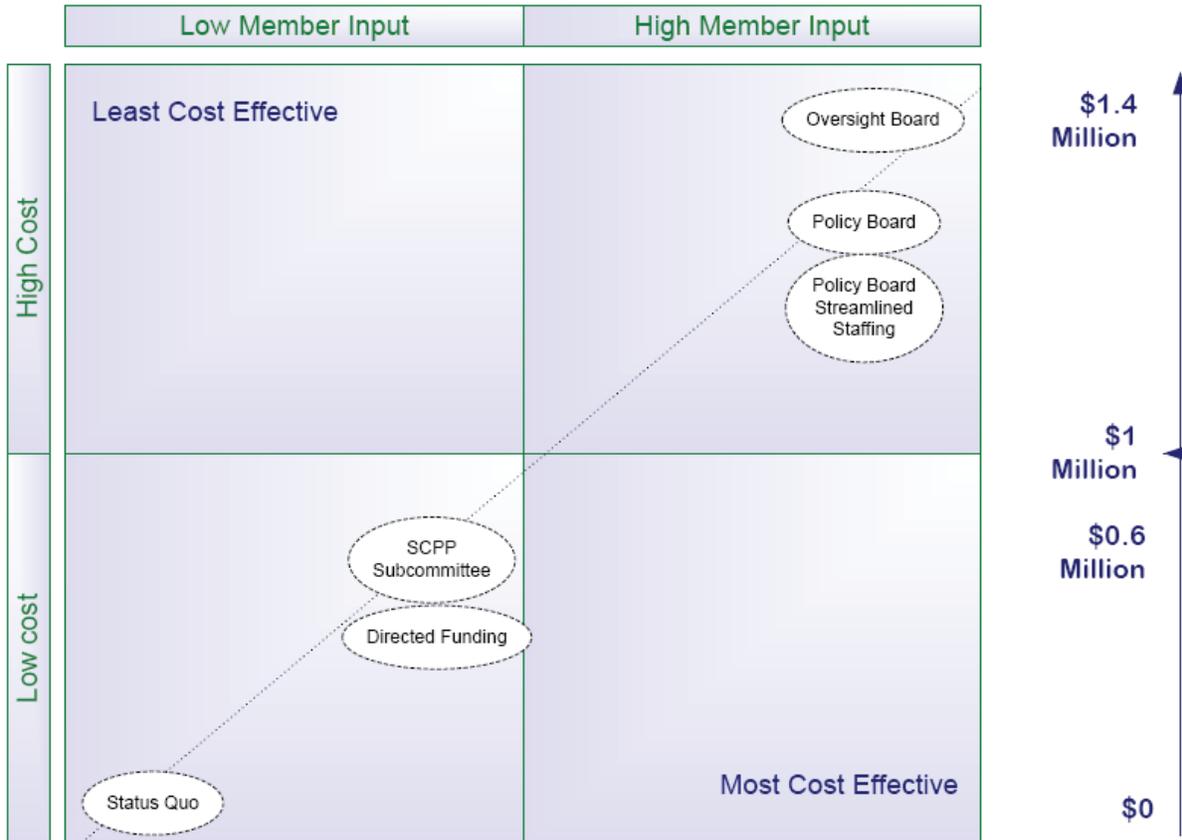
⁶Office of the State Actuary

⁷Washington State Investment Board

⁸Office of the State Treasurer

Cost Effectiveness Matrix

Biennial Cost



Lowest Member Input

The relatively low degree of WSPRS member input into the SCPP has led to member dissatisfaction. While this structure has the lowest cost of any of the alternatives weighed, WSPRS members feel that their concerns are not adequately considered. In addition, the relatively small size of the plan, compared to other plans studied by the SCPP, means that the WSPRS is likely too small for the SCPP to devote significant attention from the full committee without adversely affecting resources devoted to consideration of the other plans.

Highest Cost

The 2008 proposal contained in HB 3211/SB 6455 had a two-year fiscal note of \$1.2 million. A revised estimate from the State Actuary puts this cost at \$1.4 million. Including actuarial oversight duties would not directly advance the goal of giving consideration to members concerns and forwarding them to the Legislature. One consideration in developing a “cost-effective” structure is the reduction of duplication of effort with other state government entities, such as those already providing actuarial oversight.

Eliminating the two options that lie at either extreme of the continuum of input versus cost yields three remaining approaches:

1. The ***directed funding*** variation on the existing SCPP structure is the least expensive approach to providing additional resources to address the concerns of the WSPRS members. It is also flexible, allowing the Legislature to increase or reduce funding provided over time as the need for resources changes.

On the other hand, this approach does not address the lack of WSPRS membership on the SCPP, and does not increase the amount of time available to the SCPP itself for meetings and discussion.

This approach would be especially suitable for an interim or short-term solution, particularly if funding is not available in the 2009–11 Biennium for a more expensive approach.

2. A standing ***subcommittee of the SCPP*** would provide an ongoing structure in which to meet the goal of considering the WSPRS member concerns. It is also relatively low in cost.

The public safety subcommittee would divide its attention among three plans, but all are among the smaller state plans.

3. A ***policy board*** would provide the greatest degree of member input of the three alternatives, although at a higher cost than the other options. Streamlining the staffing through use of an actuary on the board staff would help to reduce the cost.

Each of the remaining three alternatives (directed funding to the SCPP, standing committee of the SCPP, or streamlined policy board) appear to be cost-effective, although they provide for varying levels of member input.



Appendices

HOUSE BILL 3211

State of Washington

60th Legislature

2008 Regular Session

By Representatives Simpson, Rodne, Sells, Ericks, Williams, Hurst, Rolfes, Loomis, Conway, Kessler, McIntire, Hunt, Green, Appleton, Hudgins, Dickerson, Kelley, Morrell, Kenney, and VanDeWege

Read first time 01/24/08. Referred to Committee on Appropriations.

1 AN ACT Relating to the Washington state patrol retirement system;
2 amending RCW 41.45.050, 41.45.060, 41.45.030, 41.45.070, 41.04.281, and
3 41.04.278; reenacting and amending RCW 44.44.040; adding a new chapter
4 to Title 43 RCW; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** The legislature intends to:

7 (1) Establish a board of trustees responsible for the adoption of
8 actuarial standards to be applied to the plan;

9 (2) Direct the board to zealously manage the trust funds for the
10 benefit of the members and beneficiaries of the plan, including
11 exercising a preference for enhancing plan benefits rather than
12 decreasing contribution rates;

13 (3) Exercise fiduciary responsibility in the oversight of those
14 pension management functions assigned to the board;

15 (4) Provide effective monitoring of the plan by providing an annual
16 report to the legislature, to the members and beneficiaries of the
17 plan, and to the public;

18 (5) Establish contribution rates for employees and the state of

1 Washington that will guaranty viability of the plan, subject to the
2 limitations provided for in this chapter;

3 (6) Require the department of retirement systems to provide staff
4 and resources for the board; and

5 (7) Enable the board to retain professional and technical advisors
6 as necessary for the fulfillment of their statutory responsibilities.

7 NEW SECTION. **Sec. 2.** The definitions in this section apply
8 throughout this chapter unless the context clearly requires otherwise.

9 (1) "Member" has the same meaning as that provided in RCW 43.43.120
10 and also includes separated vested members of the plan who are not
11 currently receiving benefits.

12 (2) "Plan" means the Washington state patrol retirement system
13 established under chapter 43.43 RCW.

14 (3) "Actuary" means the actuary employed by the board of trustees.

15 (4) "State actuary" means the actuary employed under chapter 44.44
16 RCW.

17 (5) "Board" or "board of trustees" means the Washington state
18 patrol retirement system board of trustees.

19 (6) "Board member" means a member of the Washington state patrol
20 retirement system board of trustees.

21 (7) "Department" means the department of retirement systems.

22 (8) "Enrolled actuary" means an actuary who is enrolled under the
23 employee retirement income security act of 1974 (Subtitle C of Title
24 III) and who is a member of the society of actuaries or the American
25 academy of actuaries.

26 (9) "Trust" means the assets of the Washington state patrol
27 retirement system.

28 (10) "Benefits" means the age or service or combination thereof
29 required for retirement, the level of service benefits, survivorship
30 benefits, payment options including a deferred retirement option plan,
31 average final compensation, postretirement cost-of-living adjustments,
32 including health care and the elements of compensation. "Benefits"
33 does not include the classifications of employment eligible to
34 participate in the plan.

35 (11) "Actuarially sound" means the plan is sufficiently funded to
36 meet its projected liabilities and to defray the reasonable expenses of
37 its operation based upon commonly accepted, sound actuarial principles.

1 (12) "Beneficiary" has the same meaning as provided in RCW
2 43.43.120.

3 NEW SECTION. **Sec. 3.** (1) A nine member board of trustees is
4 hereby created. Representation on the board is as follows:

5 (a) Two active members of the plan appointed by the Washington
6 state patrol troopers association;

7 (b) One active member of the plan appointed by the chief of the
8 Washington state patrol;

9 (c) One retired member of the plan appointed by the Washington
10 state patrol troopers association;

11 (d) One member appointed by the director of financial management;

12 (e) Two members of the house of representatives transportation
13 committee, one appointed by the speaker of the house of representatives
14 and one appointed by the leader of the largest minority caucus of the
15 house of representatives; and

16 (f) Two members of the senate transportation committee, one
17 appointed by the senate majority leader and one appointed by the leader
18 of the largest minority caucus of the senate.

19 (2) The initial retirement system board members shall serve
20 staggered terms of four and two years, respectively. Thereafter,
21 retirement system board members serve terms of four years. Board
22 members may be reappointed to succeeding terms without limitation.
23 Board members shall serve until their successors are appointed and
24 seated.

25 (3) In the event of a vacancy on the board, the vacancy shall be
26 filled in the same manner as prescribed for an initial appointment.

27 (4) If a board member appointed under subsection (1)(a) of this
28 section is promoted to the rank of lieutenant or higher, he or she
29 ceases to be a board member and subsection (3) of this section applies.

30 NEW SECTION. **Sec. 4.** (1) The board of trustees has the following
31 powers and duties and shall:

32 (a) Adopt actuarial tables, assumptions, and cost methodologies in
33 consultation with the state actuary. The state actuary shall utilize
34 the aggregate actuarial cost method, or other recognized actuarial cost
35 method based on a level percentage of payroll, as that term is employed
36 by the American academy of actuaries. The board may employ an

1 independent actuary to evaluate or supplement the state actuary's work
2 for the board. If the independent actuary and the state actuary cannot
3 agree, they shall appoint a third, independent enrolled actuary who
4 shall review the calculations of the actuary retained by the board and
5 the state actuary. Thereafter, contributions shall be based on the
6 methodology most closely following that of the third actuary;

7 (b) Recommend to the legislature changes in statutes governing
8 benefits or administration of the system. The governor shall submit a
9 request for legislation necessary to implement the changes recommended
10 by the board under this subsection. Requests for legislation may not
11 be submitted to the legislature by the governor unless the requests:

12 (i) Have been submitted to the director of financial management by
13 October 1st before the legislative session at which the requests are to
14 be considered; and

15 (ii) Have been certified by the director of financial management as
16 being feasible financially for the state;

17 (c) Retain professional and technical advisors necessary for the
18 accomplishment of its duties;

19 (d) Consult with the department for the purpose of improving
20 benefit administration and member services;

21 (e) Provide an annual report to the governor and the legislature
22 setting forth the actuarial funding status of the plan and making
23 recommendations for improvements in those aspects of retirement
24 administration directed by the legislature or administered by the
25 department;

26 (f) Establish uniform administrative rules and operating policies
27 in the manner prescribed by law;

28 (g) Engage administrative staff and acquire office space in
29 conjunction with the department. The department shall provide funding
30 from its budget for these purposes:

31 (i) The board, in consultation with the department, shall hire an
32 executive director who serves at the pleasure of the board;

33 (ii) The executive director shall hire staff into positions
34 authorized by the board;

35 (h) Publish on an annual basis a schedule of benefits together with
36 a summary of the benefits as established by the legislature which shall
37 constitute the official plan document;

1 (i) Be the fiduciary of the plan and discharge the board's duties
2 solely in the interest of the members and beneficiaries of the plan;
3 and

4 (j) Render final decisions under chapter 34.05 RCW on adjudicative
5 proceedings arising out of the administration of the plan.

6 (2) Meetings of the board of trustees shall be conducted as
7 follows:

8 (a) All board meetings are open to the public, preceded by timely
9 public notice;

10 (b) All actions of the board shall be taken in open public session,
11 except for those matters which may be considered in executive session
12 as provided under chapter 42.17 RCW;

13 (c) The board shall retain minutes of each meeting setting forth
14 the names of those board members present and absent, and their voting
15 record on any voted issue; and

16 (d) The board may establish, with the assistance of the department,
17 an internet web site providing for interactive communication with state
18 government, members and beneficiaries of the plan, and the public.

19 (3) A quorum of the board is five board members. All board actions
20 require five concurring votes.

21 (4) The decisions of the board shall be made in good faith and are
22 final, binding, and conclusive on all parties. The decisions of the
23 board shall be subject to judicial review as provided by law.

24 (5) The board shall prepare and submit an annual budget consistent
25 with the requirements of chapter 43.88 RCW to the department. The
26 department shall include the board's budget in its budget submittal
27 under chapter 43.88 RCW. Board members and staff shall be reimbursed
28 for travel and education expenses as provided in RCW 43.03.050 and
29 43.03.060. The board shall make an annual report to the governor,
30 legislature, and state auditor setting forth a summary of the costs and
31 expenditures of the plan for the preceding year. The board shall also
32 retain the services of an independent, certified public accountant who
33 shall annually audit the expenses of the fund and whose report shall be
34 included in the board's annual report.

35 NEW SECTION. **Sec. 5.** (1) The board of trustees shall establish
36 contributions and set economic assumptions. The cost of the benefits

1 as defined in this plan shall be funded on a sound actuarial basis in
2 accordance with the actuarial standards adopted by the board.

3 (2) The board shall manage the trust in a manner that maintains
4 reasonable contributions and administrative costs. Providing
5 additional benefits to members and beneficiaries is the board's
6 priority.

7 **Sec. 6.** RCW 44.44.040 and 2003 c 295 s 4 and 2003 c 92 s 2 are
8 each reenacted and amended to read as follows:

9 The office of the state actuary shall have the following powers and
10 duties:

11 (1) Perform all actuarial services for the department of retirement
12 systems, including all studies required by law.

13 (2) Advise the legislature and the governor regarding pension
14 benefit provisions, and funding policies and investment policies of the
15 state investment board.

16 (3) Consult with the legislature and the governor concerning
17 determination of actuarial assumptions used by the department of
18 retirement systems.

19 (4) Prepare a report, to be known as the actuarial fiscal note, on
20 each pension bill introduced in the legislature which briefly explains
21 the financial impact of the bill. The actuarial fiscal note shall
22 include: (a) The statutorily required contribution for the biennium
23 and the following twenty-five years; (b) the biennial cost of the
24 increased benefits if these exceed the required contribution; and (c)
25 any change in the present value of the unfunded accrued benefits. An
26 actuarial fiscal note shall also be prepared for all amendments which
27 are offered in committee or on the floor of the house of
28 representatives or the senate to any pension bill. However, a majority
29 of the members present may suspend the requirement for an actuarial
30 fiscal note for amendments offered on the floor of the house of
31 representatives or the senate.

32 (5) Provide such actuarial services to the legislature as may be
33 requested from time to time.

34 (6) Provide staff and assistance to the committee established under
35 RCW 41.04.276.

36 (7) Provide actuarial assistance to the law enforcement officers'

1 and firefighters' plan 2 retirement board as provided in chapter 2,
2 Laws of 2003. Reimbursement for services shall be made to the state
3 actuary under RCW 39.34.130 and section 5(5), chapter 2, Laws of 2003.

4 (8) Provide actuarial assistance to the Washington state patrol
5 retirement system board of trustees under sections 4 and 5 of this act.

6 **Sec. 7.** RCW 41.45.050 and 2004 c 242 s 38 are each amended to read
7 as follows:

8 (1) Employers of members of the public employees' retirement
9 system, the teachers' retirement system, the school employees'
10 retirement system, and the public safety employees' retirement
11 system(~~(, and the Washington state patrol retirement system)~~) shall
12 make contributions to those systems based on the rates established in
13 RCW 41.45.060 and 41.45.070.

14 (2) The state shall make contributions to the law enforcement
15 officers' and firefighters' retirement system plan 2 based on the rates
16 established in RCW 41.45.060 and 41.45.070. The state treasurer shall
17 transfer the required contributions each month on the basis of salary
18 data provided by the department.

19 (3) The department shall bill employers, and the state shall make
20 contributions to the law enforcement officers' and firefighters'
21 retirement system plan 2, using the combined rates established in RCW
22 41.45.060 and 41.45.070 regardless of the level of appropriation
23 provided in the biennial budget. Any member of an affected retirement
24 system may, by mandamus or other appropriate proceeding, require the
25 transfer and payment of funds as directed in this section.

26 (4) The contributions received for the public employees' retirement
27 system shall be allocated between the public employees' retirement
28 system plan 1 fund and the public employees' retirement system combined
29 plan 2 and plan 3 fund as follows: The contributions necessary to
30 fully fund the public employees' retirement system combined plan 2 and
31 plan 3 employer contribution shall first be deposited in the public
32 employees' retirement system combined plan 2 and plan 3 fund. All
33 remaining public employees' retirement system employer contributions
34 shall be deposited in the public employees' retirement system plan 1
35 fund.

36 (5) The contributions received for the teachers' retirement system
37 shall be allocated between the plan 1 fund and the combined plan 2 and

1 plan 3 fund as follows: The contributions necessary to fully fund the
2 combined plan 2 and plan 3 employer contribution shall first be
3 deposited in the combined plan 2 and plan 3 fund. All remaining
4 teachers' retirement system employer contributions shall be deposited
5 in the plan 1 fund.

6 (6) The contributions received for the school employees' retirement
7 system shall be allocated between the public employees' retirement
8 system plan 1 fund and the school employees' retirement system combined
9 plan 2 and plan 3 fund as follows: The contributions necessary to
10 fully fund the combined plan 2 and plan 3 employer contribution shall
11 first be deposited in the combined plan 2 and plan 3 fund. All
12 remaining school employees' retirement system employer contributions
13 shall be deposited in the public employees' retirement system plan 1
14 fund.

15 (7) The contributions received for the law enforcement officers'
16 and firefighters' retirement system plan 2 shall be deposited in the
17 law enforcement officers' and firefighters' retirement system plan 2
18 fund.

19 (8) The contributions received for the public safety employees'
20 retirement system shall be allocated between the public employees'
21 retirement system plan 1 fund and the public safety employees'
22 retirement system plan 2 fund as follows: The contributions necessary
23 to fully fund the plan 2 employer contribution shall first be deposited
24 in the plan 2 fund. All remaining public safety employees' retirement
25 system employer contributions shall be deposited in the public
26 employees' retirement system plan 1 fund.

27 (9) The employer of the members of the Washington state patrol
28 retirement system shall make contributions to that system based on the
29 rates established under section 5 of this act regardless of the level
30 of appropriation provided in the biennial budget. The contributions
31 received for the Washington state patrol retirement system shall be
32 deposited in the Washington state patrol retirement fund.

33 **Sec. 8.** RCW 41.45.060 and 2007 c 280 s 2 are each amended to read
34 as follows:

35 (1) The state actuary shall provide preliminary actuarial valuation
36 results based on the economic assumptions and asset value smoothing

1 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or
2 41.45.035.

3 (2) Not later than July 31, 2008, and every two years thereafter,
4 consistent with the economic assumptions and asset value smoothing
5 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or
6 41.45.035, the council shall adopt and may make changes to:

7 (a) A basic state contribution rate for the law enforcement
8 officers' and firefighters' retirement system plan 1;

9 (b) Basic employer contribution rates for the public employees'
10 retirement system((~~7~~)) and the teachers' retirement system((~~7~~, ~~and the~~
11 ~~Washington state patrol retirement system~~)); and

12 (c) Basic employer contribution rates for the school employees'
13 retirement system and the public safety employees' retirement system
14 for funding both those systems and the public employees' retirement
15 system plan 1.

16 The council may adopt annual rate changes for any plan for any
17 rate-setting period. The contribution rates adopted by the council
18 shall be subject to revision by the legislature.

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

21 (a) To fully amortize the total costs of the public employees'
22 retirement system plan 1, the teachers' retirement system plan 1, and
23 the law enforcement officers' and firefighters' retirement system plan
24 1 not later than June 30, 2024; and

25 (b) To fully fund the public employees' retirement system plans 2
26 and 3, the teachers' retirement system plans 2 and 3, the public safety
27 employees' retirement system plan 2, and the school employees'
28 retirement system plans 2 and 3 in accordance with RCW 41.45.061,
29 41.45.067, and this section.

30 (4) The aggregate actuarial cost method shall be used to calculate
31 a combined plan 2 and 3 employer contribution rate ((~~and a Washington~~
32 ~~state patrol retirement system contribution rate~~)).

33 (5) The council shall immediately notify the directors of the
34 office of financial management and department of retirement systems of
35 the state and employer contribution rates adopted. The rates shall be
36 effective for the ensuing biennial period, subject to any legislative
37 modifications.

1 (6) The director shall collect those rates adopted by the council.
2 The rates established in RCW 41.45.062, or by the council, shall be
3 subject to revision by the legislature.

4 (7) The state actuary shall prepare final actuarial valuation
5 results based on the economic assumptions, asset value smoothing
6 technique, and contribution rates included in or adopted under RCW
7 41.45.030, 41.45.035, and this section.

8 **Sec. 9.** RCW 41.45.030 and 2007 c 280 s 1 are each amended to read
9 as follows:

10 (1) Beginning September 1, 2007, and every two years thereafter,
11 the state actuary shall:

12 (a) Submit to the council information regarding the experience and
13 financial condition of each state retirement system, and make
14 recommendations regarding the long-term economic assumptions set forth
15 in RCW 41.45.035. The council shall review this and such other
16 information as it may require; and

17 (b) Submit to the Washington state patrol retirement system board
18 information regarding the experience and financial condition of each
19 state retirement system, and make recommendations regarding the long-
20 term economic growth assumptions under RCW 41.45.035.

21 (2)(a) By October 31, 2007, and every two years thereafter((7)):

22 (i) The council, by affirmative vote of four councilmembers, may
23 adopt changes to the long-term economic assumptions established in RCW
24 41.45.035. Any changes adopted by the council shall be subject to
25 revision by the legislature; and

26 (ii) The Washington state patrol retirement system board shall
27 consider and may adopt changes to the long-term economic assumptions
28 under RCW 41.45.035.

29 (b) The council and the Washington state patrol retirement system
30 board shall consult with the economic and revenue forecast supervisor
31 and the executive director of the state investment board, and shall
32 consider long-term historical averages, in reviewing possible changes
33 to the economic assumptions.

34 (3) The assumptions and the asset value smoothing technique
35 established in RCW 41.45.035, as modified in the future by the council
36 or legislature, shall be used by the state actuary in conducting all
37 actuarial studies of the state retirement systems, including actuarial

1 fiscal notes under RCW 44.44.040. The assumptions shall also be used
2 for the administration of benefits under the retirement plans listed in
3 RCW 41.45.020, pursuant to timelines and conditions established by
4 department rules.

5 **Sec. 10.** RCW 41.45.070 and 2007 c 491 s 12 are each amended to
6 read as follows:

7 (1) In addition to the basic employer contribution rate established
8 in RCW 41.45.060 (~~or 41.45.054~~), the department shall also charge
9 employers of public employees' retirement system, teachers' retirement
10 system, school employees' retirement system, public safety employees'
11 retirement system, or Washington state patrol retirement system members
12 an additional supplemental rate to pay for the cost of additional
13 benefits, if any, granted to members of those systems. Except as
14 provided in subsections (6), (7), and (9) of this section, the
15 supplemental contribution rates required by this section shall be
16 calculated by the state actuary and shall be charged regardless of
17 language to the contrary contained in the statute which authorizes
18 additional benefits.

19 (2) In addition to the basic member, employer, and state
20 contribution rate established in RCW 41.45.0604 for the law enforcement
21 officers' and firefighters' retirement system plan 2, the department
22 shall also establish supplemental rates to pay for the cost of
23 additional benefits, if any, granted to members of the law enforcement
24 officers' and firefighters' retirement system plan 2. Except as
25 provided in subsection (6) of this section, these supplemental rates
26 shall be calculated by the actuary retained by the law enforcement
27 officers' and firefighters' board and the state actuary through the
28 process provided in RCW 41.26.720(1)(a) and the state treasurer shall
29 transfer the additional required contributions regardless of language
30 to the contrary contained in the statute which authorizes the
31 additional benefits.

32 (3) The supplemental rate charged under this section to fund
33 benefit increases provided to active members of the public employees'
34 retirement system plan 1, the teachers' retirement system plan 1, and
35 Washington state patrol retirement system, shall be calculated as the
36 level percentage of all members' pay needed to fund the cost of the
37 benefit not later than June 30, 2024.

1 (4) The supplemental rate charged under this section to fund
2 benefit increases provided to active and retired members of the public
3 employees' retirement system plan 2 and plan 3, the teachers'
4 retirement system plan 2 and plan 3, the public safety employees'
5 retirement system plan 2, or the school employees' retirement system
6 plan 2 and plan 3 shall be calculated as the level percentage of all
7 members' pay needed to fund the cost of the benefit, as calculated
8 under RCW 41.45.060, 41.45.061, or 41.45.067.

9 (5) The supplemental rate charged under this section to fund
10 postretirement adjustments which are provided on a nonautomatic basis
11 to current retirees shall be calculated as the percentage of pay needed
12 to fund the adjustments as they are paid to the retirees. The
13 supplemental rate charged under this section to fund automatic
14 postretirement adjustments for active or retired members of the public
15 employees' retirement system plan 1 and the teachers' retirement system
16 plan 1 shall be calculated as the level percentage of pay needed to
17 fund the cost of the automatic adjustments not later than June 30,
18 2024.

19 (6) A supplemental rate shall not be charged to pay for the cost of
20 additional benefits granted to members pursuant to chapter 340, Laws of
21 1998.

22 (7) A supplemental rate shall not be charged to pay for the cost of
23 additional benefits granted to members pursuant to chapter 41.31A RCW;
24 section 309, chapter 341, Laws of 1998; or section 701, chapter 341,
25 Laws of 1998.

26 (8) A supplemental rate shall not be charged to pay for the cost of
27 additional benefits granted to members and survivors pursuant to
28 chapter 94, Laws of 2006.

29 (9) A supplemental rate shall not be charged to pay for the cost of
30 the additional benefits granted to members of the teachers' retirement
31 system and the school employees' retirement system plans 2 and 3 in
32 sections 2, 4, 6, and 8, chapter 491, Laws of 2007 until September 1,
33 2008. A supplemental rate shall not be charged to pay for the cost of
34 the additional benefits granted to members of the public employees'
35 retirement system plans 2 and 3 under sections 9 and 10, chapter 491,
36 Laws of 2007 until July 1, 2008.

37 (10) In addition to the basic member and employer contribution
38 rates established in section 5 of this act for the Washington state

1 patrol retirement system, the board shall also establish supplemental
2 rates to pay for the cost of additional benefits, if any, granted to
3 members of the Washington state patrol retirement system. Except as
4 provided in subsection (8) of this section, these supplemental rates
5 shall be calculated by the actuary retained by the Washington state
6 patrol retirement system board and the state actuary through the
7 process provided in section 4 of this act and the state treasurer shall
8 transfer the additional required contributions regardless of language
9 to the contrary contained in the statute which authorizes the
10 additional benefits.

11 **Sec. 11.** RCW 41.04.281 and 2003 c 295 s 5 are each amended to read
12 as follows:

13 The select committee on pension policy has the following powers and
14 duties:

15 (1) Study pension issues, develop pension policies for public
16 employees in state retirement systems, other than the Washington state
17 patrol retirement system, and make recommendations to the legislature;

18 (2) Study the financial condition of the state pension systems,
19 develop funding policies, and make recommendations to the legislature;

20 (3) Consult with the chair and vice-chair on appointing members to
21 the state actuary appointment committee upon the convening of the state
22 actuary appointment committee established under RCW 44.44.013; and

23 (4) Receive the results of the actuarial audits of the actuarial
24 valuations and experience studies administered by the pension funding
25 council pursuant to RCW 41.45.110. The select committee on pension
26 policy shall study and make recommendations on changes to assumptions
27 or contribution rates to the pension funding council prior to adoption
28 of changes under RCW 41.45.030, 41.45.035, or 41.45.060.

29 **Sec. 12.** RCW 41.04.278 and 2006 c 309 s 4 are each amended to read
30 as follows:

31 (1) The select committee on pension policy may form three function-
32 specific subcommittees, as set forth under subsection (2) of this
33 section, from the members under RCW 41.04.276(1) (a) through (e), as
34 follows:

35 (a) A public safety subcommittee with one member from each group
36 under RCW 41.04.276(1) (a) through (e);

1 (b) An education subcommittee with one member from each group under
2 RCW 41.04.276(1) (a) through (e); and

3 (c) A state and local government subcommittee, with one retiree
4 member under RCW 41.04.276(1)(d) and two members from each group under
5 RCW 41.04.276(1) (a) through (c) and (e).

6 The retiree members may serve on more than one subcommittee to
7 ensure representation on each subcommittee.

8 (2)(a) The public safety subcommittee shall focus on pension issues
9 affecting public safety employees who are members of the law
10 enforcement officers' and firefighters'((~~7~~)) and public safety
11 employees'((~~7~~ and Washington state patrol)) retirement systems.

12 (b) The education subcommittee shall focus on pension issues
13 affecting educational employees who are members of the public
14 employees', teachers', and school employees' retirement systems.

15 (c) The state and local government subcommittee shall focus on
16 pension issues affecting state and local government employees who are
17 members of the public employees' retirement system.

18 NEW SECTION. Sec. 13. The select committee on pension policy
19 established in RCW 41.04.276 and the pension funding council created in
20 RCW 41.45.100 has no applicability or authority over matters relating
21 to this plan.

22 NEW SECTION. Sec. 14. Assets of the plan shall be managed by the
23 state investment board as provided by law.

24 NEW SECTION. Sec. 15. If any provision of this act or its
25 application to any person or circumstance is held invalid, the
26 remainder of the act or the application of the provision to other
27 persons or circumstances is not affected.

28 NEW SECTION. Sec. 16. Sections 1 through 5 and 13 through 15 of
29 this act constitute a new chapter in Title 43 RCW.

30 NEW SECTION. Sec. 17. This act takes effect July 1, 2008.

--- END ---

designated as section 17, immediately following the new section 16, which shall read as follows:

Reinstatement.

Section 17. Upon reinstatement of a corporation the Secretary of State shall enter upon his records a notation that such corporation is reinstated, and it shall thereupon be reinstated as of the date on which its term of existence expired; and such corporation shall have the right to sue and shall enjoy the same rights and powers as if its term of existence had been continuous or its term of existence had been extended before the expiration of its stated term of existence, and all things done by it in the exercise of its corporate powers before such reinstatement shall be valid acts of the corporation.

Passed the Senate February 27, 1947.

Passed the House March 9, 1947.

Approved by the Governor March 20, 1947.

CHAPTER 250.

[S. B. 248.]

WASHINGTON STATE PATROL RETIREMENT SYSTEM.

AN ACT providing for the Washington State Patrol Retirement System; creating a retirement board and prescribing its powers and duties; establishing certain funds in connection therewith; requiring contributions thereto by commissioned members of the Washington State Patrol and the state; making an appropriation therefor; and providing penalties.

Be it enacted by the Legislature of the State of Washington:

Definitions.

SECTION 1. The following words or phrases as used in this act, unless a definite meaning is plainly required by the context, shall have the following meanings:

"Retirement System."

(a) "Retirement System" shall mean the Washington State Patrol Retirement System as used in this act.

(b) "Retirement Fund" shall mean the Washington State Patrol Retirement Fund provided for in this act.

"Retirement fund."

(c) "State Treasurer" shall mean the Treasurer of the State of Washington.

"State Treasurer."

(d) "Member" shall mean any person included in the membership of the Retirement Fund as provided for in this act.

"Member."

(e) "Employee" shall mean any commissioned employee of the Washington State Patrol.

"Employee."

(f) "Beneficiary" shall mean any person in receipt of retirement allowance or any other benefit allowed by this act.

"Beneficiary."

(g) "Regular Interest" shall mean interest compounded annually at such rates as may be deemed by the Retirement Board.

"Regular interest."

(h) "Retirement Board" shall mean the board provided for in this act.

"Retirement board."

(i) "Commissioner of Insurance" shall mean the Commissioner of Insurance of the State of Washington.

"Commissioner of Insurance."

(j) "State Auditor" shall mean the auditor of the State of Washington.

"State Auditor."

(k) The words "this act" whenever used in section 1 to 21, both inclusive, shall mean the Washington State Patrol Retirement act.

"This act."

SEC. 2. A. A Washington State Patrol Retirement fund is hereby established for members of the Washington State Patrol which shall include funds created and placed under the management of a Retirement Board for the payment of retirement allowance and other benefits under the provisions of this act.

Fund established.

B. Any member of the Washington State Patrol, upon date of commissioning, shall be eligible to participate in the retirement plan and shall start contributing to the fund immediately. Any commissioned employees of the Washington State Patrol

Eligibility.

Optional participation.

before the effective date of this act shall have the option to participate in the Retirement Fund, but after the date of said act becomes effective, each new commissioned employee must automatically participate in the fund. If a member should terminate service of the Washington State Patrol and later reenter, he shall be treated in all respects as though he were a new member.

Service in military or naval forces.

C. A member of the Retirement System who has served or shall serve on active Federal service in the military or naval forces of the United States in time of war or emergency, declared by competent Federal authority, who within one year from termination of such active Federal service, shall resume employment as a state employee, shall have his service in such armed forces credited to him as a member of the Retirement System.

Administration vested in board.

SEC. 3. The general administration and management of the Washington State Patrol Retirement Fund and the making effective of the provisions of this act are hereby vested in the Retirement Board who shall have the authority to make all necessary rules and regulations, not inconsistent with the provisions of this act, to carry into effect the provisions thereof.

Membership of board.

The Board of the Washington State Patrol Retirement Fund shall consist of seven members as follows: Chief of the Washington State Patrol, Commissioner of Insurance, State Auditor and four members known as employee members, who shall be elected by ballot by members of the Retirement Fund in a manner to be approved by the Retirement Board. Two of said employee members shall be from and represent eastern Washington and two of said employee members shall be from and represent western Washington.

Chairman.

The Chief of the Washington State Patrol shall act at all times as chairman of the Retirement Board.

A majority of the members of the Retirement Board shall constitute a quorum for the transaction of business and any action taken shall be approved by five or more of its members. The Retirement Board shall hold such meetings as are necessary to transact its business and in any event shall meet not less than once each year and sufficient notice shall be given the members thereof.

Quorum.

Meetings.

The first election of employee members of the Retirement Board shall be conducted by and under the supervision of the Chief of the Washington State Patrol within thirty days after this act becomes effective. At the first election, each person eligible to participate in the Retirement Fund shall have the right to vote for two qualified employee members, said members to vote only upon those members from his geographical division of the state. One employee member from eastern Washington and one employee member from western Washington shall serve for a two year term and the other two employee members shall serve for a one year term. The qualified member receiving the greatest number of votes shall be deemed elected for the two year term and the qualified member receiving the next highest number of votes shall be deemed elected for the one year term. Thereafter each year, each employee member shall serve for a two year term. Any vacancy occurring in the term of any qualified employee member of the Retirement Board shall be filled by a general election. The qualified employee member elected shall fill the unexpired term.

Election of employee members of board.

Vacancies.

SEC. 4. Members of Board. The Retirement Board shall have the power to employ a secretary and to secure the services of such technical and administrative employees as may be necessary for the transaction of business of the Retirement Fund. The compensation of all persons engaged by the Retirement Board shall be fixed by the Retirement Board.

Employees of board.

Compensation.

ment Board and all other expenses of the Retirement Board necessary for the proper operation of the Retirement Fund shall be paid at such rates and in such amounts as the Retirement Board shall approve. The Retirement Board shall perform such other functions as are required for the proper execution of the provisions of this act and shall have authority to make all rules and regulations necessary therefor.

Rules and regulations.

Oath.

SEC. 5. Board Members. Each member of the Retirement Board created by this act, upon appointment or election, shall take an oath of office that he will support the constitution of the United States, the constitution of the State of Washington, and that he will diligently and honestly administer the affairs of the said Board and that he will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this act. Such oath shall be subscribed to by the member making it and certified by the officer before whom it is taken and shall immediately be filed in the office of the Secretary of State. The members of the Retirement Board shall serve without compensation but shall suffer no loss because of absence from their regular employment and shall be reimbursed from the expense fund as provided for herein.

Compensation.

Expenses.

Investment of monies in fund.

SEC. 6. All monies in the funds of the Washington State Patrol Retirement Fund shall be invested by the State Treasurer in accordance with the provisions of chapter 91, Laws of 1935, of the State of Washington.

State Treasurer custodian.

SEC. 7. The Treasurer of the State of Washington shall be the custodian of the funds of the Washington State Patrol Retirement Fund.

Deposit of fund.

The State Treasurer is hereby authorized and directed to deposit any portion of the funds of the Retirement Fund not needed for immediate use in the same manner and subject to all the provisions

of law with respect to the deposit of state funds by such Treasurer, and all interest earned by such portions of the said Retirement Funds as may be deposited by the State Treasurer in pursuance of authority herewith given shall be collected by him and placed to the credit of the Retirement Fund. The custodian shall furnish annually to the Retirement Board a sworn statement of the amount of funds in his custody belonging to the Retirement Fund. The records of the Retirement Fund shall be open to public inspection and any member of the Retirement Fund shall be furnished with a statement of the amount of his credit upon written request of such member, provided that the Retirement Board shall not be required to answer more than one such request of a member in any one year.

Interest on deposit.

Annual statement to be furnished.

Records of fund open to inspection.

SEC. 8. Except as herein provided, no trustee and no employee of the Retirement Board shall have any interest, direct or indirect, in the gains or profits of any investment made by the Board nor as such directly or indirectly receive any pay or emolument for services and no trustee or employee of said Board, directly or indirectly for himself or as agent or party for others, shall borrow any of its funds or deposits or in any manner use the same except to make such current and necessary payments as are authorized by the Board, nor shall any member or employee of said Board become an endorser or surety or become in any manner an obligor for monies owned or borrowed by the Board.

Certain activities of board members and employees prohibited.

SEC. 9. At such times as the Retirement Board may deem it necessary and at least once within the first three years of the operation of this act and once in each five year period thereafter, the Retirement Board shall have prepared by a competent actuary a report showing a complete valuation of the present and prospective assets and liabilities of the various funds created by this act. The actuary shall make

Actuary report.

an investigation of the mortality and service experience of the members of the system and shall report fully upon the totals of the Retirement Fund together with such recommendations as he shall deem advisable for the information of the Retirement Board in the proper operation of the Retirement Fund.

Chief of Patrol to notify State Auditor of personnel changes.

SEC. 10. The Chief of the Washington State Patrol shall, on the first day of each calendar month, notify the State Auditor of the commissioning of new employees subject to the provisions of this act and shall submit to him the name, title, compensation, duties and date of birth of each new commissioned employee and shall also notify the Auditor at the same time of all removals, withdrawals and changes in salary of any member which shall have occurred during the preceding month.

SEC. 11. The fund hereby created is the Washington State Patrol Retirement Fund.

Pensions and benefits payable from fund.

A. The Washington State Patrol Retirement Fund shall be the fund from which shall be paid all pensions or benefits in lieu thereof which are payable as provided in this act: *Provided*, That the expenses of operation of the Washington State Patrol Retirement System shall be paid from appropriations made for the operation of the Washington State Patrol.

Biennial estimate of amount required.

The Retirement Board shall estimate biennially the amount required to maintain the Retirement Fund for the ensuing biennium.

Certificate to be issued to each member of patrol.

SEC. 12. Subject to such rules and regulations as the Retirement Board shall adopt, said Board shall issue to each member a certificate certifying the aggregate length of all his prior service as a Washington State Patrol employee as defined in this act. In no event shall service be computed prior to date of commission.

SEC. 13. The Attorney General of the State of Washington shall be the legal adviser of the Washington State Patrol Fund and the Retirement Board.

Attorney General to be legal adviser.

SEC. 14. Retirement. Any member who has attained the age of sixty years shall be automatically separated from active service and shall be eligible for participation in the Retirement Fund upon application duly made *provided* that for the first year after the effective date of this act members who are sixty years of age may have one additional year within which they may retire. Such compulsory retirement date shall be computed after the first of the month following the attainment of age sixty by said respective member, and if any member neglects or refuses to file his application with the Retirement Board, said Board may consider his application as having been filed on his sixtieth birthday.

Retirement.

Automatic retirement.

Sixty years of age.

If any member has had twenty-five years of service and is over the age of fifty years, an early retirement date may be permitted upon application duly made and approved by the Retirement Board, such member to receive a retirement income computed on actuarial basis.

Twenty-five years service and over fifty years of age.

SEC. 15. Benefits. Upon compulsory retirement a member shall be granted a monthly retirement income based on his average salary allowed during the ten years immediately preceding his retirement date. Such retirement income shall be composed of the sum of two parts, namely: past service benefit and current service benefit but in no event shall exceed one hundred and fifty dollars (\$150) maximum per month.

Benefits.

A. Past service benefit shall be based on a past service annuity of one per cent (1%) of the average salary earned by the member prior to retirement multiplied by the number of years of service rendered by the member to the Washington State Patrol

Past service benefit.

prior to the effective date of this act. A member shall be entitled to past service benefit only if such member applies for participation in the Retirement Fund within sixty days after the effective date of this act.

B. Current service benefit shall be based on a current service annuity of one and seven-tenths per cent (1.7%) of such average salary earned by the member and multiplied by the number of years of service while participating in the fund.

SEC. 16. The normal form of income at retirement shall be a monthly life annuity which shall continue as long as the member shall live.

A member may elect either to accept the life annuity heretofore mentioned or a joint and survival form of annuity. If said member elects to choose the joint and survival form of annuity, such annuity shall be lesser than the normal form of annuity but will be payable during the member's lifetime and after his death to a designated beneficiary. If a member elects to take the joint and survival annuity, the designation of the joint annuitant must be made either three months after the effective date of this act or within three years immediately preceding the retirement date. A member may be permitted to revoke such designations any time prior to retirement but after such revocation future designations could be made only with the consent of the Retirement Board. If a joint annuitant should die before the member retires, such member would be entitled to the normal form of annuity.

SEC. 17. If a member should die before retirement, all contributions made by him with interest at two and one-half per cent (2½%) compounded annually would be paid to his beneficiary.

If after retirement a member should die before he has received an amount equal to his own contributions with interest compounded to the date of

his retirement, the excess shall be paid to his beneficiary.

SEC. 18. Should a member become permanently and totally disabled, as a direct and proximate result of injury received in the course of employment, such member would receive benefits under chapter 215, Laws of 1943, and during such period would be a nonactive member. If any nonactive member should return to active duty with the Washington State Patrol, he shall be eligible to become an active member by paying into the Retirement Fund all contributions accumulated during such time of disability.

SEC. 19. A. Beginning on the effective date of this act, every Washington State Patrol employee who is a member of the Washington State Patrol Retirement Fund shall contribute four per centum (4%) of his monthly salary, which the State Auditor shall deduct from the compensation of each member on each and every payroll.

B. There is hereby appropriated the sum of one hundred thousand dollars (\$100,000) from the Highway Safety Fund to the Washington State Patrol Retirement Fund for the purpose of carrying out the provisions of this act. There is further appropriated from the Washington State Patrol Retirement Fund for the purpose of paying pensions, benefits and awards under this act the sum of fifty thousand dollars (\$50,000).

C. In event a member severs his connection with the Washington State Patrol or is dismissed, the amount paid by the State of Washington shall remain in the Washington State Patrol Retirement Fund.

SEC. 20. The right of any person to a retirement income under the provisions of this act and all monies and investments and income thereof are hereby exempt from any state, county, municipal

Permanent total disability.

Four per cent contribution by employee members of fund.

Appropriations.

Retention of state's payments in fund.

Retirement payments exempt and unassignable.

Current service benefit.

Monthly life annuity.

Election by member.

Joint and survival form of annuity.

Revocation of designation.

Death of member before retirement.

After retirement.

or other local tax and shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or the insolvency laws or other processes of law whatsoever and shall be unassignable except as in this act specifically provided.

False statements.

SEC. 21. Any person who shall knowingly make any false statement or shall falsify or permit to be falsified any record or records of the Washington State Patrol Retirement Fund in any attempt to defraud such fund as a result of such act shall be guilty of a gross misdemeanor.

Passed the Senate March 9, 1947.

Passed the House March 7, 1947.

Approved by the Governor March 20, 1947.

CHAPTER 251.

[S. B. 288.]

ADOPTION.

AN ACT relating to adoption; amending sections 2, 3, 8, 9, 11, and 14, chapter 268, Laws of 1943 (sections 1699-3, 1699-4, 1699-9, 1699-10, 1699-12 and 1699-15, Remington's Revised Statutes, 1943 Supplement), as amended by section 1, chapter 191, Laws of 1945 (section 1699-12, Remington's Revised Statutes, 1945 Supplement).

Be it enacted by the Legislature of the State of Washington:

SECTION 1. Section 3, chapter 268, Laws of 1943 (section 1699-4, Remington's Revised Statutes, 1943 Supplement), is amended to read as follows:

Consent to be filed.

Section 3. Written consent to such adoption must be filed prior to a hearing on such petition, as follows:

Person to be adopted if over fourteen years of age.

(a) By the person to be adopted, if such person be fourteen (14) years of age or older, but the filing of such consent shall not obviate the necessity of securing any other consent herein required;

(b) If the person to be adopted be of legitimate birth or legitimized thereafter, and a minor, then by each of his living parents, except as hereinafter provided;

Minor of legitimate birth.

(c) If the person to be adopted be illegitimate and a minor, then by his mother, if living, except as hereinafter provided:

Illegitimate.

(d) If a legal guardian has been appointed for the person of said child, then by such guardian;

Legal guardian.

(e) If the person to be adopted be a minor and has been permanently committed upon due notice to his parents by any court of general jurisdiction to an approved agency, then by such approved agency, in which event neither notice to nor consent by its parents in the adoption proceeding shall be necessary: *Provided*, That if the approved agency refuses to consent to the adoption, the court, in its discretion, may order that such consent be dispensed with.

Approved agency.

SEC. 2. Section 8, chapter 268, Laws of 1943 (section 1699-9, Remington's Revised Statutes, 1943 Supplement), is amended to read as follows:

Section 8. The Court shall direct notice of any hearing required under section 5 to be given to any non-consenting parent or guardian, if any, and to any person or association having the actual care, custody or control of said child: *Provided*, That where a parent has been deprived of the custody of such child and such child has been set over for adoption by an order of a court of competent jurisdiction, after due notice in a proceeding regularly had for such purpose, no notice need be given to the parent so deprived, and the record of such deprivation proceedings shall be deemed *prima facie* proof of such deprivation. Such notice shall be given in the following manner: The Court shall direct the clerk to issue a notice of such hearing directed to the persons entitled to notice, notifying such persons

Notice of hearing.

Manner of giving notice.

WASHINGTON STATE PATROL RETIREMENT BOARD
SUMMARY OF APPROPRIATIONS AND EXPENDITURES

APPROPRIATIONS	LOCAL FUNDS		Biennium 4-1-49 to 3-31-51	
	Biennium 4-1-45 to 3-31-47	Biennium 4-1-47 to 3-31-49	Department's Estimate	Governor's Recommendation
WASHINGTON STATE PATROL RETIREMENT FUND				
Pensions, Benefits, Awards and Refunds.....	None	\$50,000.00	\$10,000	\$10,000
EXPENDITURES				
WASHINGTON STATE PATROL RETIREMENT FUND				
Pensions, Benefits, Awards and Refunds.....		\$491.60	\$10,000	\$10,000
Total Unexpended Balance of Appropriations.....		\$49,508.40		
DETAIL OF EXPENDITURES				
CONSOLIDATED STATEMENT				
70 Claims and awards:				
E Pensions.....		\$491.60	\$10,000	\$10,000
Total a/c 70.....		\$491.60	\$10,000	\$10,000
Total expenditures.....		\$491.60	\$10,000	\$10,000

STATE OF WASHINGTON

GOVERNOR'S BUDGET

FOR THE BIENNIUM

April 1, 1949, to March 31, 1951



SUBMITTED BY
MON C. WALLGREN
 GOVERNOR

115

TO THE

THIRTY-FIRST LEGISLATURE

CONVENED JANUARY 10, 1949

CERTIFICATION OF ENROLLMENT

ENGROSSED SENATE BILL 5143

Chapter 329, Laws of 2001

(partial veto)

57th Legislature
2001 Regular Session

STATE PATROL RETIREMENT SYSTEM

EFFECTIVE DATE: 7/1/01

Passed by the Senate April 16, 2001
YEAS 47 NAYS 0

BRAD OWEN
President of the Senate

Passed by the House April 10, 2001
YEAS 92 NAYS 0

FRANK CHOPP
**Speaker of the
House of Representatives**

CLYDE BALLARD
**Speaker of the
House of Representatives**

Approved May 15, 2001, with the
exception of sections 1 and 2, which
are vetoed.

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

I, Tony M. Cook, Secretary of the
Senate of the State of Washington, do
hereby certify that the attached is
ENGROSSED SENATE BILL 5143 as passed
by the Senate and the House of
Representatives on the dates hereon
set forth.

TONY M. COOK
Secretary

FILED

May 15, 2001 - 3:19 p.m.

**Secretary of State
State of Washington**

ENGROSSED SENATE BILL 5143

AS AMENDED BY THE HOUSE

Passed Legislature - 2001 Regular Session

State of Washington 57th Legislature 2001 Regular Session

By Senators Long, Honeyford, Carlson, Franklin, Winsley, Fraser and
Haugen; by request of Joint Committee on Pension Policy

Read first time 01/12/2001. Referred to Committee on Ways & Means.

1 AN ACT Relating to the Washington state patrol retirement system
2 retirement and survivor benefits; amending RCW 43.43.040, 43.43.120,
3 43.43.260, 43.43.270, 43.43.274, 43.43.278, and 41.45.060; adding new
4 sections to chapter 43.43 RCW; adding a new section to chapter 41.45
5 RCW; repealing RCW 43.43.272, 43.43.276, and 43.43.300; providing an
6 effective date; and declaring an emergency.

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

8 **Sec. 1. RCW 43.43.040 and 1998 c 194 s 1 are each amended to read*
9 *as follows:*

10 *(1) The chief of the Washington state patrol shall relieve from*
11 *active duty Washington state patrol officers who, while in the*
12 *performance of their official duties, or while on standby or available*
13 *for duty, have been or hereafter may be injured or incapacitated to*
14 *such an extent as to be mentally or physically incapable of active*
15 *service: PROVIDED, That:*

16 *(a) Any officer disabled while performing line duty who is found by*
17 *the chief to be physically incapacitated shall be placed on disability*
18 *leave for a period not to exceed six months from the date of injury or*
19 *the date incapacitated. During this period, the officer shall be*

1 entitled to all pay, benefits, insurance, leave, and retirement
2 contributions awarded to an officer on active status, less any
3 compensation received through the department of labor and industries.
4 No such disability leave shall be approved until an officer has been
5 unavailable for duty for more than forty consecutive work hours. Prior
6 to the end of the six-month period, the chief shall either place the
7 officer on disability status or return the officer to active status.

8 For the purposes of this section, "line duty" is active service
9 which encompasses the traffic law enforcement duties and/or other law
10 enforcement responsibilities of the state patrol. These activities
11 encompass all enforcement practices of the laws, accident and criminal
12 investigations, or actions requiring physical exertion or exposure to
13 hazardous elements.

14 The chief shall define by rule the situations where a disability
15 has occurred during line duty;

16 (b) Benefits under this section for a disability that is incurred
17 while in other employment will be reduced by any amount the officer
18 receives or is entitled to receive from workers' compensation, social
19 security, group insurance, other pension plan, or any other similar
20 source provided by another employer on account of the same disability;

21 (c) An officer injured while engaged in willfully tortious or
22 criminal conduct shall not be entitled to disability benefits under
23 this section; and

24 (d) For members commissioned prior to January 1, 2003, should a
25 disability beneficiary whose disability was not incurred in line of
26 duty, prior to attaining age fifty, engage in a gainful occupation, the
27 chief shall reduce the amount of his retirement allowance to an amount
28 which when added to the compensation earned by him in such occupation
29 shall not exceed the basic salary currently being paid for the rank the
30 retired officer held at the time he was disabled. All such disability
31 beneficiaries under age fifty shall file with the chief every six
32 months a signed and sworn statement of earnings and any person who
33 shall knowingly swear falsely on such statement shall be subject to
34 prosecution for perjury. Should the earning capacity of such
35 beneficiary be further altered, the chief may further alter his
36 disability retirement allowance as indicated above. The failure of any
37 officer to file the required statement of earnings shall be cause for
38 cancellation of retirement benefits.

1 (2) (~~Officers~~) (a) Members commissioned prior to January 1, 2003,
2 on disability status shall receive one-half of their compensation at
3 the existing wage, during the time the disability continues in effect,
4 less any compensation received through the department of labor and
5 industries. They shall be subject to mental or physical examination at
6 any state institution or otherwise under the direction of the chief of
7 the patrol at any time during such relief from duty to ascertain
8 whether or not they are able to resume active duty.

9 (b) Members commissioned on or after January 1, 2003, on disability
10 status as a result of a line duty disability shall receive a line duty
11 disability allowance of one-half of their compensation at the existing
12 wage, during the time the disability continues in effect, less any
13 compensation received through the department of labor and industries,
14 and any retirement allowance under section 2 of this act. They shall
15 be subject to such comprehensive medical examinations as required by
16 the chief of the patrol at any time during such relief from duty. If
17 these medical examinations reveal that a member has recovered from the
18 incapacitating disability and the member is offered reemployment by the
19 chief at a comparable compensation, the member shall cease to be
20 eligible for this line duty disability allowance.

21 *Sec. 1 was vetoed. See message at end of chapter.

22 *NEW SECTION. Sec. 2. (1) A member of the retirement system
23 commissioned on or after January 1, 2003, who becomes totally
24 incapacitated for continued employment by an employer as determined by
25 the department upon recommendation of the department shall be eligible
26 to receive an allowance under RCW 43.43.260. The member shall receive
27 a monthly disability allowance computed as provided for in RCW
28 43.43.260 and shall have this allowance actuarially reduced to reflect
29 the difference in the number of years between age at disability and the
30 attainment of age fifty-five or from when the member could have
31 attained twenty-five years of service, whichever is less.

32 Any member who receives an allowance under the provisions of this
33 section shall be subject to comprehensive medical examinations as
34 required by the department. If these medical examinations reveal that
35 a member has recovered from the incapacitating disability and the
36 member is offered reemployment by the chief at a comparable
37 compensation, the member shall cease to be eligible for the allowance.

1 (2) *If the recipient of a monthly retirement allowance under this*
2 *section dies before the total of the retirement allowance paid to the*
3 *recipient equals the amount of the accumulated contributions at the*
4 *date of retirement, then the balance shall be paid to the member's*
5 *estate, or the person or persons, trust, or organization as the*
6 *recipient has nominated by written designation duly executed and filed*
7 *with the director, or if there is no designated person or persons still*
8 *living at the time of the recipient's death, then to the surviving*
9 *spouse, or if there is no designated person or persons still living at*
10 *the time of his or her death nor a surviving spouse, then to his or her*
11 *legal representative.*

12 *Sec. 2 was vetoed. See message at end of chapter.

13 **Sec. 3.** RCW 43.43.120 and 1999 c 74 s 1 are each amended to read
14 as follows:

15 As used in the following sections, unless a different meaning is
16 plainly required by the context:

17 (1) "Retirement system" means the Washington state patrol
18 retirement system.

19 (2) "Retirement fund" means the Washington state patrol retirement
20 fund.

21 (3) "State treasurer" means the treasurer of the state of
22 Washington.

23 (4) "Member" means any person included in the membership of the
24 retirement fund.

25 (5) "Employee" means any commissioned employee of the Washington
26 state patrol.

27 (6)(a) "Cadet," for a person who became a member of the retirement
28 system after June 12, 1980, is a person who has passed the Washington
29 state patrol's entry-level oral, written, physical performance, and
30 background examinations and is, thereby, appointed by the chief as a
31 candidate to be a commissioned officer of the Washington state patrol.

32 (b) "Cadet," for a person who became a member of the retirement
33 system before June 12, 1980, is a trooper cadet, patrol cadet, or
34 employee of like classification, employed for the express purpose of
35 receiving the on-the-job training required for attendance at the state
36 patrol academy and for becoming a commissioned trooper. "Like
37 classification" includes: Radio operators or dispatchers; persons
38 providing security for the governor or legislature; patrolmen; drivers'

1 license examiners; weighmasters; vehicle safety inspectors; central
2 wireless operators; and warehousemen.

3 (7) "Beneficiary" means any person in receipt of retirement
4 allowance or any other benefit allowed by this chapter.

5 (8) "Regular interest" means interest compounded annually at such
6 rates as may be determined by the director.

7 (9) "Retirement board" means the board provided for in this
8 chapter.

9 (10) "Insurance commissioner" means the insurance commissioner of
10 the state of Washington.

11 (11) "Lieutenant governor" means the lieutenant governor of the
12 state of Washington.

13 (12) "Service" shall mean services rendered to the state of
14 Washington or any political subdivisions thereof for which compensation
15 has been paid. Full time employment for seventy or more hours in any
16 given calendar month shall constitute one month of service. An
17 employee who is reinstated in accordance with RCW 43.43.110 shall
18 suffer no loss of service for the period reinstated subject to the
19 contribution requirements of this chapter. Only months of service
20 shall be counted in the computation of any retirement allowance or
21 other benefit provided for herein. Years of service shall be
22 determined by dividing the total number of months of service by twelve.
23 Any fraction of a year of service as so determined shall be taken into
24 account in the computation of such retirement allowance or benefit.

25 (13) "Prior service" shall mean all services rendered by a member
26 to the state of Washington, or any of its political subdivisions prior
27 to August 1, 1947, unless such service has been credited in another
28 public retirement or pension system operating in the state of
29 Washington.

30 (14) "Current service" shall mean all service as a member rendered
31 on or after August 1, 1947.

32 (15)(a) "Average final salary," for members commissioned prior to
33 January 1, 2003, shall mean the average monthly salary received by a
34 member during the member's last two years of service or any consecutive
35 two-year period of service, whichever is the greater, as an employee of
36 the Washington state patrol; or if the member has less than two years
37 of service, then the average monthly salary received by the member
38 during the member's total years of service.

1 (b) "Average final salary," for members commissioned on or after
2 January 1, 2003, shall mean the average monthly salary received by a
3 member for the highest consecutive sixty service credit months; or if
4 the member has less than sixty months of service, then the average
5 monthly salary received by the member during the member's total months
6 of service.

7 (16) "Actuarial equivalent" shall mean a benefit of equal value
8 when computed upon the basis of such mortality table as may be adopted
9 and such interest rate as may be determined by the director.

10 (17) Unless the context expressly indicates otherwise, words
11 importing the masculine gender shall be extended to include the
12 feminine gender and words importing the feminine gender shall be
13 extended to include the masculine gender.

14 (18) "Director" means the director of the department of retirement
15 systems.

16 (19) "Department" means the department of retirement systems
17 created in chapter 41.50 RCW.

18 (20) "State actuary" or "actuary" means the person appointed
19 pursuant to RCW 44.44.010(2).

20 (21) "Contributions" means the deduction from the compensation of
21 each member in accordance with the contribution rates established under
22 (~~RCW 43.43.300~~) chapter 41.45 RCW.

23 (22) "Annual increase" means as of July 1, 1999, seventy-seven
24 cents per month per year of service which amount shall be increased
25 each subsequent July 1st by three percent, rounded to the nearest cent.

26 (23)(a) "Salary," for members commissioned prior to July 1, 2001,
27 shall exclude any overtime earnings related to RCW 47.46.040, or any
28 voluntary overtime, earned on or after July 1, 2001.

29 (b) "Salary," for members commissioned on or after July 1, 2001,
30 shall exclude any overtime earnings related to RCW 47.46.040 or any
31 voluntary overtime, lump sum payments for deferred annual sick leave,
32 unused accumulated vacation, unused accumulated annual leave, holiday
33 pay, or any form of severance pay.

34 (24) "Plan 2" means the Washington state patrol retirement system
35 plan 2, providing the benefits and funding provisions covering
36 commissioned employees who first become members of the system on or
37 after January 1, 2003.

1 **Sec. 4.** RCW 43.43.260 and 1994 c 197 s 34 are each amended to read
2 as follows:

3 Upon retirement from service as provided in RCW 43.43.250, a member
4 shall be granted a retirement allowance which shall consist of:

5 (1) A prior service allowance which shall be equal to two percent
6 of the member's average final salary multiplied by the number of years
7 of prior service rendered by the member.

8 (2) A current service allowance which shall be equal to two percent
9 of the member's average final salary multiplied by the number of years
10 of service rendered while a member of the retirement system.

11 (3)(a) Any member commissioned prior to January 1, 2003, with
12 twenty-five years service in the Washington state patrol may have the
13 member's service in the armed forces credited as a member whether or
14 not the individual left the employ of the Washington state patrol to
15 enter such armed forces: PROVIDED, That in no instance shall military
16 service in excess of five years be credited: AND PROVIDED FURTHER,
17 That in each instance, a member must restore all withdrawn accumulated
18 contributions, which restoration must be completed on the date of the
19 member's retirement, or as provided under RCW 43.43.130, whichever
20 occurs first: AND PROVIDED FURTHER, That this section shall not apply
21 to any individual, not a veteran within the meaning of RCW 41.06.150,
22 as now or hereafter amended: AND PROVIDED FURTHER, That in no instance
23 shall military service be credited to any member who is receiving full
24 military retirement benefits pursuant to Title 10 United States Code,
25 as now or hereafter amended.

26 (b) A member who leaves the Washington state patrol to enter the
27 armed forces of the United States shall be entitled to retirement
28 system service credit for up to five years of military service. This
29 subsection shall be administered in a manner consistent with the
30 requirements of the federal uniformed services employment and
31 reemployment rights act.

32 (i) The member qualifies for service credit under this subsection
33 if:

34 (A) Within ninety days of the member's honorable discharge from the
35 United States armed forces, the member applies for reemployment with
36 the employer who employed the member immediately prior to the member
37 entering the United States armed forces; and

38 (B) The member makes the employee contributions required under
39 section 11 of this act and RCW 41.45.067 within five years of

1 resumption of service or prior to retirement, whichever comes sooner;
2 or

3 (C) Prior to retirement and not within ninety days of the member's
4 honorable discharge or five years of resumption of service the member
5 pays the amount required under RCW 41.50.165(2).

6 (ii) Upon receipt of member contributions under (b)(i)(B) of this
7 subsection, the department shall establish the member's service credit
8 and shall bill the employer for its contribution required under RCW
9 41.45.060 for the period of military service, plus interest as
10 determined by the department.

11 (iii) The contributions required under (b)(i)(B) of this subsection
12 shall be based on the compensation the member would have earned if not
13 on leave, or if that cannot be estimated with reasonable certainty, the
14 compensation reported for the member in the year prior to when the
15 member went on military leave.

16 (4) In no event shall the total retirement benefits from
17 subsections (1), (2), and (3) of this section, of any member exceed
18 seventy-five percent of the member's average final salary.

19 (5) ~~((A yearly increase in retirement allowance which shall amount~~
20 ~~to two percent of the retirement allowance computed at the time of~~
21 ~~retirement. This yearly increase shall be added to the retirement~~
22 ~~allowance on July 1st of each calendar year.)) Beginning July 1, 2001,~~

23 and every year thereafter, the department shall determine the following
24 information for each retired member or beneficiary whose retirement
25 allowance has been in effect for at least one year:

26 (a) The original dollar amount of the retirement allowance;

27 (b) The index for the calendar year prior to the effective date of
28 the retirement allowance, to be known as "index A";

29 (c) The index for the calendar year prior to the date of
30 determination, to be known as "index B"; and

31 (d) The ratio obtained when index B is divided by index A.

32 The value of the ratio obtained shall be the annual adjustment to
33 the original retirement allowance and shall be applied beginning with
34 the July payment. In no event, however, shall the annual adjustment:

35 (i) Produce a retirement allowance which is lower than the original
36 retirement allowance;

37 (ii) Exceed three percent in the initial annual adjustment; or

38 (iii) Differ from the previous year's annual adjustment by more
39 than three percent.

1 For the purposes of this section, "index" means, for any calendar
2 year, that year's average consumer price index for the Seattle-Tacoma-
3 Bremerton Washington area for urban wage earners and clerical workers,
4 all items, compiled by the bureau of labor statistics, United States
5 department of labor.

6 The provisions of this section shall apply to all members presently
7 retired and to all members who shall retire in the future.

8 NEW SECTION. **Sec. 5.** (1) A member commissioned on or after
9 January 1, 2003, upon retirement for service as prescribed in RCW
10 43.43.250 or disability retirement under RCW 43.43.040, shall elect to
11 have the retirement allowance paid pursuant to the following options,
12 calculated so as to be actuarially equivalent to each other.

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

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

35 (2)(a) A member, if married, must provide the written consent of
36 his or her spouse to the option selected under this section, except as
37 provided in (b) of this subsection. If a member is married and both
38 the member and member's spouse do not give written consent to an option

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

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

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

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

14 (3) No later than January 1, 2003, the department shall adopt rules
15 that allow a member additional actuarially equivalent survivor benefit
16 options, and shall include, but are not limited to:

17 (a)(i) A retired member who retired without designating a survivor
18 beneficiary shall have the opportunity to designate their spouse from
19 a postretirement marriage as a survivor during a one-year period
20 beginning one year after the date of the postretirement marriage
21 provided the retirement allowance payable to the retiree is not subject
22 to periodic payments pursuant to a property division obligation as
23 provided for in RCW 41.50.670.

24 (ii) A member who entered into a postretirement marriage prior to
25 the effective date of the rules adopted pursuant to this subsection and
26 satisfies the conditions of (a)(i) of this subsection shall have one
27 year to designate their spouse as a survivor beneficiary following the
28 adoption of the rules.

29 (b) A retired member who elected to receive a reduced retirement
30 allowance under this section and designated a nonspouse as survivor
31 beneficiary shall have the opportunity to remove the survivor
32 designation and have their future benefit adjusted.

33 (c) The department may make an additional charge, if necessary, to
34 ensure that the benefits provided under this subsection remain
35 actuarially equivalent.

36 **Sec. 6.** RCW 43.43.270 and 1989 c 108 s 1 are each amended to read
37 as follows:

38 For members commissioned prior to January 1, 2003:

1 (1) The normal form of retirement allowance shall be an allowance
2 which shall continue as long as the member lives.

3 (2) If a member should die while in service the member's lawful
4 spouse shall be paid an allowance which shall be equal to fifty percent
5 of the average final salary of the member. If the member should die
6 after retirement the member's lawful spouse shall be paid an allowance
7 which shall be equal to the retirement allowance then payable to the
8 member or fifty percent of the final average salary used in computing
9 the member's retirement allowance, whichever is less. The allowance
10 paid to the lawful spouse shall continue as long as the spouse lives:
11 PROVIDED, That if a surviving spouse who is receiving benefits under
12 this subsection marries another member of this retirement system who
13 subsequently predeceases such spouse, the spouse shall then be entitled
14 to receive the higher of the two survivors' allowances for which
15 eligibility requirements were met, but a surviving spouse shall not
16 receive more than one survivor's allowance from this system at the same
17 time under this subsection. To be eligible for an allowance the lawful
18 surviving spouse of a retired member shall have been married to the
19 member prior to the member's retirement and continuously thereafter
20 until the date of the member's death or shall have been married to the
21 retired member at least two years prior to the member's death.

22 (3) If a member should die, either while in service or after
23 retirement, the member's surviving unmarried children under the age of
24 eighteen years shall be provided for in the following manner:

25 (a) If there is a surviving spouse, each child shall be entitled to
26 a benefit equal to five percent of the final average salary of the
27 member or retired member. The combined benefits to the surviving
28 spouse and all children shall not exceed sixty percent of the final
29 average salary of the member or retired member; and

30 (b) If there is no surviving spouse or the spouse should die, the
31 child or children shall be entitled to a benefit equal to thirty
32 percent of the final average salary of the member or retired member for
33 one child and an additional ten percent for each additional child. The
34 combined benefits to the children under this subsection shall not
35 exceed sixty percent of the final average salary of the member or
36 retired member. Payments under this subsection shall be prorated
37 equally among the children, if more than one.

38 (4) If a member should die in the line of duty while employed by
39 the Washington state patrol, the member's surviving children under the

1 age of twenty years and eleven months if attending any high school,
2 college, university, or vocational or other educational institution
3 accredited or approved by the state of Washington shall be provided for
4 in the following manner:

5 (a) If there is a surviving spouse, each child shall be entitled to
6 a benefit equal to five percent of the final average salary of the
7 member. The combined benefits to the surviving spouse and all children
8 shall not exceed sixty percent of the final average salary of the
9 member;

10 (b) If there is no surviving spouse or the spouse should die, the
11 unmarried child or children shall be entitled to receive a benefit
12 equal to thirty percent of the final average salary of the member or
13 retired member for one child and an additional ten percent for each
14 additional child. The combined benefits to the children under this
15 subsection shall not exceed sixty percent of the final average salary.
16 Payments under this subsection shall be prorated equally among the
17 children, if more than one; and

18 (c) If a beneficiary under this subsection reaches the age of
19 twenty-one years during the middle of a term of enrollment the benefit
20 shall continue until the end of that term.

21 (5) The provisions of this section shall apply to members who have
22 been retired on disability as provided in RCW 43.43.040 if the officer
23 was a member of the Washington state patrol retirement system at the
24 time of such disability retirement.

25 NEW SECTION. **Sec. 7.** (1) For members commissioned on or after
26 January 1, 2003, except as provided in RCW 11.07.010, if a member or a
27 vested member who has not completed at least ten years of service dies,
28 the amount of the accumulated contributions standing to such member's
29 credit in the retirement system at the time of such member's death,
30 less any amount identified as owing to an obligee upon withdrawal of
31 accumulated contributions pursuant to a court order filed under RCW
32 41.50.670, shall be paid to the member's estate, or such person or
33 persons, trust, or organization as the member shall have nominated by
34 written designation duly executed and filed with the department. If
35 there be no such designated person or persons still living at the time
36 of the member's death, such member's accumulated contributions standing
37 to such member's credit in the retirement system, less any amount
38 identified as owing to an obligee upon withdrawal of accumulated

1 contributions pursuant to a court order filed under RCW 41.50.670,
2 shall be paid to the member's estate, or such person or persons, trust,
3 or organization as the member shall have nominated by written
4 designation duly executed and filed with the department. If there be
5 no such designated person or persons still living at the time of the
6 member's death, such member's accumulated contributions standing to
7 such member's credit in the retirement system, less any amount
8 identified as owing to an obligee upon withdrawal of accumulated
9 contributions pursuant to a court order filed under RCW 41.50.670,
10 shall be paid to the member's surviving spouse as if in fact such
11 spouse had been nominated by written designation, or if there be no
12 such surviving spouse, then to such member's legal representatives.

13 (2) If a member who is eligible for retirement or a member who has
14 completed at least ten years of service dies, the surviving spouse or
15 eligible child or children shall elect to receive either:

16 (a) A retirement allowance computed as provided for in RCW
17 43.43.260, actuarially reduced by the amount of any lump sum benefit
18 identified as owing to an obligee upon withdrawal of accumulated
19 contributions pursuant to a court order filed under RCW 41.50.670 and
20 actuarially adjusted to reflect a joint and one hundred percent
21 survivor option under RCW 43.43.278 and if the member was not eligible
22 for normal retirement at the date of death a further reduction from age
23 fifty-five or when the member could have attained twenty-five years of
24 service, whichever is less; if a surviving spouse who is receiving a
25 retirement allowance dies leaving a child or children of the member
26 under the age of majority, then such child or children shall continue
27 to receive an allowance in an amount equal to that which was being
28 received by the surviving spouse, share and share alike, until such
29 child or children reach the age of majority; if there is no surviving
30 spouse eligible to receive an allowance at the time of the member's
31 death, such member's child or children under the age of majority shall
32 receive an allowance share and share alike calculated under this
33 section making the assumption that the ages of the spouse and member
34 were equal at the time of the member's death; or

35 (b)(i) The member's accumulated contributions, less any amount
36 identified as owing to an obligee upon withdrawal of accumulated
37 contributions pursuant to a court order filed under RCW 41.50.670; or

38 (ii) If the member dies, one hundred fifty percent of the member's
39 accumulated contributions, less any amount identified as owing to an

1 obligee upon withdrawal of accumulated contributions pursuant to a
2 court order filed under RCW 41.50.670. Any accumulated contributions
3 attributable to restorations made under RCW 41.50.165(2) shall be
4 refunded at one hundred percent.

5 (3) If a member who is eligible for retirement or a member who has
6 completed at least ten years of service dies, and is not survived by a
7 spouse or an eligible child, then the accumulated contributions
8 standing to the member's credit, less any amount identified as owing to
9 an obligee upon withdrawal of accumulated contributions pursuant to a
10 court order filed under RCW 41.50.670, shall be paid:

11 (a) To an estate, a person or persons, trust, or organization as
12 the member shall have nominated by written designation duly executed
13 and filed with the department; or

14 (b) If there is no such designated person or persons still living
15 at the time of the member's death, then to the member's legal
16 representatives.

17 **Sec. 8.** RCW 43.43.274 and 1999 c 74 s 3 are each amended to read
18 as follows:

19 Effective (~~(July 1, 1997)~~) January 1, 2003, the minimum retirement
20 allowance under RCW 43.43.260 and 43.43.270(2) in effect on January 1,
21 2002, shall (~~(not be less than twenty dollars per month for each year~~
22 ~~of service. Effective July 1, 1999, and annually thereafter, the~~
23 ~~retirement allowance provided under this section shall be adjusted by~~
24 ~~the annual increase amount. If the member has elected to receive a~~
25 ~~reduced retirement allowance under RCW 43.43.280(2), the minimum~~
26 ~~retirement allowance under this section shall be reduced accordingly))~~
27 be increased by three percent. Each January 1st thereafter, the
28 minimum retirement allowance of the preceding year shall be increased
29 by three percent.

30 **Sec. 9.** RCW 43.43.278 and 2000 c 186 s 9 are each amended to read
31 as follows:

32 By July 1, 2000, the department of retirement systems shall adopt
33 rules that allow a member to select an actuarially equivalent
34 retirement option that pays the member a reduced retirement allowance
35 and upon death shall be continued throughout the life of a lawful
36 surviving spouse. The continuing allowance to the lawful surviving
37 spouse shall be subject to the yearly increase provided by RCW

1 43.43.260(5) (~~in lieu of the annual increase provided in RCW~~
2 ~~43.43.272~~). The allowance to the lawful surviving spouse under this
3 section, and the allowance for an eligible child or children under RCW
4 43.43.270, shall not be subject to the limit for combined benefits
5 under RCW 43.43.270.

6 **Sec. 10.** RCW 41.45.060 and 2000 2nd sp.s. c 1 s 905 are each
7 amended to read as follows:

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

10 (2) Not later than September 30, 1998, and every two years
11 thereafter, consistent with the assumptions adopted under RCW
12 41.45.030, the council shall adopt and may make changes to:

13 (a) A basic state contribution rate for the law enforcement
14 officers' and fire fighters' retirement system;

15 (b) Basic employer contribution rates for the public employees'
16 retirement system, the teachers' retirement system, and the Washington
17 state patrol retirement system to be used in the ensuing biennial
18 period; and

19 (c) A basic employer contribution rate for the school employees'
20 retirement system for funding the public employees' retirement system
21 plan 1.

22 For the 1999-2001 fiscal biennium, the rates adopted by the council
23 shall be effective for the period designated in section 902, chapter 1,
24 Laws of 2000 2nd sp. sess. and RCW 41.45.0602.

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

27 (a) To fully amortize the total costs of the public employees'
28 retirement system plan 1, the teachers' retirement system plan 1, and
29 the law enforcement officers' and fire fighters' retirement system plan
30 1(~~(, and the unfunded liability of the Washington state patrol~~
31 ~~retirement system)) not later than June 30, 2024, except as provided in
32 subsection (5) of this section;~~

33 (b) To also continue to fully fund the public employees' retirement
34 system plans 2 and 3, the teachers' retirement system plans 2 and 3,
35 the school employees' retirement system plans 2 and 3, and the law
36 enforcement officers' and fire fighters' retirement system plan 2 in
37 accordance with RCW 41.45.061, 41.45.067, and this section; and

1 (c) For the law enforcement officers' and fire fighters' system
2 plan 2 the rate charged to employers, except as provided in RCW
3 41.26.450, shall be thirty percent of the cost of the retirement system
4 and the rate charged to the state shall be twenty percent of the cost
5 of the retirement system.

6 (4) The aggregate actuarial cost method shall be used to calculate
7 a combined plan 2 and 3 employer contribution rate and a Washington
8 state patrol retirement system contribution rate.

9 (5) An amount equal to the amount of extraordinary investment gains
10 as defined in RCW 41.31.020 shall be used to shorten the amortization
11 period for the public employees' retirement system plan 1 and the
12 teachers' retirement system plan 1.

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

16 (7) The director of the department of retirement systems shall
17 collect those rates adopted by the council.

18 NEW SECTION. **Sec. 11.** Beginning July 1, 2001, the required
19 contribution rate for members of the Washington state patrol retirement
20 system shall be two percent or equal to the employer rate adopted under
21 RCW 41.45.060 and 41.45.070 for the Washington state patrol retirement
22 system, whichever is greater.

23 NEW SECTION. **Sec. 12.** The following acts or parts of acts are
24 each repealed:

25 (1) RCW 43.43.272 (Surviving spouse allowance--Annual adjustment)
26 and 1999 c 74 s 2;

27 (2) RCW 43.43.276 (Retirement and beneficiary allowances--Post-
28 retirement adjustment--Minimum adjustment) and 1983 1st ex.s. c 56 s 5;
29 and

30 (3) RCW 43.43.300 (Contributions by members--State contributions
31 remain in fund if member leaves patrol) and 2000 c 17 s 1 & 1965 c 8 s
32 43.43.300.

33 NEW SECTION. **Sec. 13.** (1) Sections 2, 5, and 7 of this act are
34 each added to chapter 43.43 RCW.

35 (2) Section 11 of this act is added to chapter 41.45 RCW.

1 NEW SECTION. **Sec. 14.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and takes effect
4 July 1, 2001.

 Passed the Senate April 16, 2001.

 Passed the House April 10, 2001.

 Approved by the Governor May 15, 2001, with the exception of
 certain items that were vetoed.

 Filed in Office of Secretary of State May 15, 2001.

1 Note: Governor's explanation of partial veto is as follows:

2 "I am returning herewith, without my approval as to sections 1 and
3 2, Engrossed Senate Bill No. 5143 entitled:

4 "AN ACT Relating to the Washington state patrol retirement system
5 retirement and survivor benefits;"

6 Engrossed Senate Bill No. 5143 restructures the Washington State
7 Patrol retirement plan. It increases cost-of-living adjustments,
8 reduces contribution rates and makes several other worthwhile changes.

9 Sections 1 and 2 of the bill would have created a new "Plan II"
10 that would have greatly reduced non-duty disability benefits for newly
11 hired Washington State Patrol officers. While I understand the
12 legislature's desire for uniformity among public pension systems, I
13 think these changes require further consideration.

14 While similar benefit provisions exist for other state employees
15 who are members of Plan II retirement systems, those employees are also
16 eligible for disability coverage through the social security system.
17 State Patrol officers are not covered by social security, and the new
18 provisions proposed in this bill would have left them and their
19 families vulnerable. All State Patrol officers should be assured of
20 benefits that are at least equal to those of other state employees.

21 People who serve the state deserve fair and equitable protection
22 against loss of their ability to work. This gap could be addressed in
23 a number of ways, and I am willing to consider alternative approaches
24 to meeting this need. I would be happy to work with the legislature in
25 developing a revised plan.

26 In the meantime, however, drastically reducing the disability
27 coverage for the newest members of the Washington State Patrol without
28 due consideration of how it will be replaced is too great a risk.

29 For these reasons, I have vetoed sections 1 and 2 of Engrossed
30 Senate Bill No. 5143.

31 With the exception of sections 1 and 2, Engrossed Senate Bill No.
32 5143 is approved."

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