

**RCW 41.45.035 Long-term economic assumptions—Investment rate of return assumptions—Asset value smoothing technique.** (1) Beginning July 1, 2025, the following long-term economic assumptions shall be used by the state actuary for the purposes of RCW 41.45.030 and 44.44.040(4):

(a) The growth in inflation assumption shall be 2.75 percent;

(b) The growth in salaries assumption, exclusive of merit or longevity increases, shall be 3.25 percent;

(c) The investment rate of return assumption shall be 7.25 percent; and

(d) The growth in system membership assumption shall be 1.00 percent for the public employees' retirement system, the public safety employees' retirement system, the school employees' retirement system, the teachers' retirement system, and the law enforcement officers' and firefighters' retirement system.

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

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

(b) The productivity growth assumption of 0.5 percent.

(3) For valuation purposes, the state actuary shall only use the assumptions in subsection (1) of this section after the effective date in subsection (1) of this section.

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

(b) The state actuary shall periodically review the appropriateness of the asset smoothing method in this section and recommend changes to the council as necessary. Any changes adopted by the council shall be subject to revision by the legislature. [2025 c 381 s 2; 2016 sp.s. c 36 s 922; 2012 1st sp.s. c 7 s 7; 2009 c 561 s 2; 2004 c 93 s 2; 2003 1st sp.s. c 11 s 1; 2001 2nd sp.s. c 11 s 6.]

**Effective date—2025 c 381:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2025." [2025 c 381 s 7.]

**Effective date—2016 sp.s. c 36:** See note following RCW 18.20.430.

**Effective date—2009 c 561:** See note following RCW 41.45.010.

**Effective date—2003 1st sp.s. c 11:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2003." [2003 1st sp.s. c 11 s 4.]

**Effective date—2001 2nd sp.s. c 11:** See note following RCW 41.45.030.