

RCW 41.45.060 Basic state and employer contribution rates—

Methods used—Role of council—Role of state actuary. (1) The state actuary shall provide preliminary actuarial valuation results based on the economic assumptions and asset value smoothing technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or 41.45.035.

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

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

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

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

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

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

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

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

(c) To fully fund the public employees' retirement system plan 1 and the teachers' retirement system plan 1 in accordance with RCW 41.45.070, 41.45.150, and this section.

(4) The aggregate actuarial cost method shall be used to calculate a combined plan 2 and 3 normal cost, a Washington state patrol retirement system normal cost, and a public safety employees' retirement system normal cost.

(5) A modified entry age normal cost method, as set forth in this chapter, shall be used to calculate employer contributions to the public employees' retirement system plan 1 and the teachers' retirement system plan 1.

(6) The employer contribution rate for the public employees' retirement system and the school employees' retirement system shall equal the sum of:

(a) The amount required to pay the combined plan 2 and plan 3 normal cost for the system, subject to any minimum rates applied pursuant to RCW 41.45.155; plus

(b) The amount required to amortize the unfunded actuarial accrued liability in plan 1 of the public employees' retirement system over a rolling ten-year period using projected future salary growth and growth in system membership, and subject to any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(c) Except as described in (d) of this subsection, the amounts required to amortize the costs of any benefit improvements in plan 1 of the public employees' retirement system that become effective after

June 30, 2009. The cost of each benefit improvement shall be amortized over a fixed 15-year period using projected future salary growth and growth in system membership. The amounts required under this subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(d) The amounts required to fully amortize the remaining costs of benefit improvements in the public employees' retirement system plan 1 effective from July 1, 2018, through June 30, 2025, over a fixed 15-year period with the rate between July 1, 2025, and June 30, 2029, being zero. The amounts required under this subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150.

(7) The employer contribution rate for the public safety employees' retirement system shall equal the sum of:

(a) The amount required to pay the normal cost for the system, subject to any minimum rates applied pursuant to RCW 41.45.155; plus

(b) The amount required to amortize the unfunded actuarial accrued liability in plan 1 of the public employees' retirement system over a rolling ten-year period using projected future salary growth and growth in system membership, and subject to any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(c) Except as described in (d) of this subsection, the amounts required to amortize the costs of any benefit improvements in plan 1 of the public employees' retirement system that become effective after June 30, 2009. The cost of each benefit improvement shall be amortized over a fixed 15-year period using projected future salary growth and growth in system membership. The amounts required under this subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(d) The amounts required to fully amortize the remaining costs of benefit improvements in the public employees' retirement system plan 1 effective from July 1, 2018, through June 30, 2025, over a fixed 15-year period with the rate between July 1, 2025, and June 30, 2029, being zero. The amounts required under this subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150.

(8) The employer contribution rate for the teachers' retirement system shall equal the sum of:

(a) The amount required to pay the combined plan 2 and plan 3 normal cost for the system, subject to any minimum rates applied pursuant to RCW 41.45.155; plus

(b) The amount required to amortize the unfunded actuarial accrued liability in plan 1 of the teachers' retirement system over a rolling ten-year period using projected future salary growth and growth in system membership, and subject to any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(c) Except as described in (d) of this subsection, the amounts required to amortize the costs of any benefit improvements in plan 1 of the teachers' retirement system that become effective after June 30, 2009. The cost of each benefit improvement shall be amortized over a fixed 15-year period using projected future salary growth and growth in system membership. The amounts required under this subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(d) The amounts required to fully amortize the remaining costs of benefit improvements in the teachers' retirement system plan 1 effective from July 1, 2018, through June 30, 2025, over a fixed 15-

year period with the rate between July 1, 2025, and June 30, 2029, being zero. The amounts required under this subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150.

(9) The employer contribution rate for each of the institutions of higher education for the higher education supplemental retirement benefits must be sufficient to fund, as a level percentage of pay, a portion of the projected cost of the supplemental retirement benefits for the institution beginning in 2035, with the other portion supported on a pay-as-you-go basis, either as direct payments by each institution to retirees, or as contributions to the higher education retirement plan supplemental benefit fund. Contributions must continue until the council determines that the institution for higher education supplemental retirement benefit liabilities are satisfied.

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

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

(12) The state actuary shall prepare final actuarial valuation results based on the economic assumptions, asset value smoothing technique, and contribution rates included in or adopted under RCW 41.45.030, 41.45.035, and this section. [2025 c 381 s 3; 2020 c 103 s 4; 2009 c 561 s 3; 2007 c 280 s 2; 2005 c 370 s 2; (2005 c 370 s 1 expired July 1, 2006); 2004 c 242 s 39. Prior: 2003 c 294 s 10; 2003 c 92 s 3; 2002 c 26 s 2; prior: 2001 2nd sp.s. c 11 s 10; 2001 c 329 s 10; 2000 2nd sp.s. c 1 s 905; 2000 c 247 s 504; prior: 1998 c 341 s 404; 1998 c 340 s 11; 1998 c 283 s 6; 1995 c 239 s 309; 1993 c 519 s 19; 1992 c 239 s 2; 1990 c 18 s 1; 1989 c 273 s 6.]

Effective date—2025 c 381: See note following RCW 41.45.035.

Findings—Intent—Effective date—2020 c 103: See notes following RCW 28B.10.423.

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

Effective date—2005 c 370 ss 2 and 4: "Sections 2 and 4 of this act take effect July 1, 2006." [2005 c 370 s 8.]

Effective date—2005 c 370 ss 1, 3, and 6: "Sections 1, 3, and 6 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect July 1, 2005." [2005 c 370 s 7.]

Expiration date—2005 c 370 ss 1 and 3: "Sections 1 and 3 of this act expire July 1, 2006." [2005 c 370 s 9.]

Effective date—2004 c 242: See RCW 41.37.901.

Effective date—2003 c 92: See RCW 41.26.906.

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

Effective date—2001 c 329: See note following RCW 43.43.120.

Severability—Effective date—2000 2nd sp.s. c 1: See notes following RCW 41.05.143.

Effective dates—Subchapter headings not law—2000 c 247: See RCW 41.40.931 and 41.40.932.

Effective date—1998 c 341: See note following RCW 41.34.060.

Effective date—1998 c 340: See note following RCW 2.10.146.

Intent—Purpose—1995 c 239: See note following RCW 41.32.831.

Effective date—Part and subchapter headings not law—1995 c 239: See notes following RCW 41.32.005.

Part headings not law—Effective date—1993 c 519: See notes following RCW 28A.400.212.

Effective date—1992 c 239: "This act shall take effect September 1, 1992." [1992 c 239 s 6.]

Effective date—1990 c 18: "This act shall take effect September 1, 1991." [1990 c 18 s 3.]

Benefits not contractual right until date specified: RCW 41.34.100.