
SENATE BILL 5085

State of Washington

69th Legislature

2025 Regular Session

By Senator Robinson

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1 AN ACT Relating to three of Washington state's closed retirement
2 plans; amending RCW 41.50.030, 41.50.075, 41.50.110, 41.32.4992,
3 41.40.1987, 41.45.010, 41.45.020, 41.45.035, 41.45.050, 41.45.060,
4 41.45.070, 41.45.150, 41.45.200, 41.45.203, 41.45.207, 6.15.020,
5 41.04.440, 41.04.445, 41.04.450, 41.04.803, 41.05.320, 41.24.400,
6 41.50.080, 41.50.235, 41.50.255, 41.50.500, 41.54.010, and 41.54.040;
7 reenacting and amending RCW 43.84.092 and 43.84.092; adding a new
8 section to chapter 41.50 RCW; adding new sections to chapter 41.32
9 RCW; adding new sections to chapter 41.40 RCW; adding a new section
10 to chapter 41.26 RCW; adding a new section to chapter 41.35 RCW;
11 adding a new section to chapter 41.37 RCW; adding a new chapter to
12 Title 41 RCW; creating new sections; providing effective dates;
13 providing a contingent effective date; providing an expiration date;
14 providing a contingent expiration date; and declaring an emergency.

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

16 NEW SECTION. **Sec. 101.** (1) The legislature finds that the
17 funding for three of its closed retirement plans has become lopsided.

18 (2) The legislature further finds that:

19 (a) In 1969, the state merged local police and fire retirement
20 plans because too many of those plans were insolvent, or soon to be
21 insolvent. An estimate conducted by the legislature that year

1 concluded the combined systems were underfunded by around
2 \$400,000,000.

3 (b) Despite being merged into the law enforcement officers' and
4 firefighters' retirement system (later designated as plan 1 of that
5 system), within seven years the legislature determined that the
6 funding structure for the merged plan was also unsustainable, and
7 closed the plan to new members on September 30, 1977.

8 (c) Though the members and employers each paid a fixed six
9 percent of each employee's pay, the total amount was insufficient to
10 pay the cost of benefits for plan members, and the state paid the
11 remainder of the cost. At its highest level, the state paid more than
12 eight times the nonstate employer and member contributions combined
13 in one year alone. Over time, this contributed to the plan having
14 more assets than is required to fund the members' benefits, and the
15 legislature allowed the members and employers to stop making
16 contributions to the plan beginning June 30, 2000.

17 (d) As of June 30, 2023, the law enforcement officers' and
18 firefighters' retirement system plan 1 is 149 percent funded despite
19 including benefits like a fully indexed cost-of-living adjustment. In
20 fact, the plan is so well funded that in 2022, the legislature
21 granted all benefit recipients a one-time lump sum payment equal to
22 \$100 per service credit month, with a minimum of \$20,000 for any
23 members who retired with a line of duty disability.

24 (e) The history of the teachers' retirement system plan 1 and the
25 public employees' retirement system plan 1 may look similar at first
26 because in most years members and employers each paid a fixed six
27 percent of each employee's pay (with a reduction to the employer
28 rates circa 2002-2007), and this amount was insufficient to pay the
29 liabilities of the plan. However, unlike the law enforcement
30 officers' and firefighters' retirement system plan 1, these plans
31 have had unfunded liabilities for decades. Beginning in 1989, the
32 legislature created an additional contribution rate (colloquially
33 called the "UAAL Rate") directly aimed at paying off this deficit,
34 and bringing both plans up to full funding. This additional
35 contribution rate has been paid exclusively by the employers and the
36 state.

37 (f) As of June 30, 2023, the teachers' retirement system plan 1
38 is 86 percent funded, and the public employees' retirement system
39 plan 1 is 80 percent funded. Neither plan provides an ongoing cost-
40 of-living adjustment unless an individual's benefits are small enough

1 to qualify for minimum benefit increases. The legislature further
2 finds that, so long as member benefits are protected, it is an
3 appropriate use of law enforcement officers' and firefighters'
4 retirement system plan 1 excess funds (particularly state funds and
5 investment returns resulting from those funds) to improve the funded
6 status of the teachers' retirement system plan 1 and the public
7 employees' retirement system plan 1 via a plan merger. To quote the
8 state supreme court, "[A] defined benefit plan entitles the members
9 to a predetermined distribution upon retirement and to an actuarially
10 sound plan to ensure that the plan is adequately funded to meet those
11 distribution requirements. It does not entitle them to any use of the
12 contributions other than to ensure the above entitlements are met."
13 *Retired Pub. Emples. Council of Wash. v. Charles*, 148 Wn.2d 602, 616;
14 quoting *Koster v. City of Davenport*, 183 F.3d 762, 767.

15 (3) The legislature also finds that a merger would be beneficial
16 to the law enforcement officers' and firefighters' retirement system
17 plan 1 since that plan has no practical funding source. More
18 specifically, current law calls for no contributions to the plan so
19 long as the plan is fully funded. However, if the plan drops below
20 full funding, current law calls for contributions based on a fixed
21 six percent of active employee pay, and there are only seven active
22 employees remaining in the system as of June 30, 2023. This means
23 that in the case of sufficiently unfavorable economic conditions, an
24 unfunded liability could appear in that plan with no method of paying
25 it off except to rely on pay-as-you-go payments from the general
26 fund.

27 (4) Thus, the legislature finds that a merger of these three
28 plans would:

29 (a) Immediately improve the funded status of both the public
30 employees' retirement system plan 1 and the teachers' retirement
31 system plan 1;

32 (b) Provide an ongoing funding source for the law enforcement
33 officers' and firefighters' retirement system plan 1 in case an
34 unfunded actuarial accrued liability emerges in the future, while
35 simultaneously exempting employers of law enforcement officers' and
36 firefighters' retirement system plan 1 members from any future
37 contributions to the plan; and

38 (c) Increase parity in cost-of-living adjustment policy across
39 the closed plans 1 by providing the members of the public employees'

1 retirement system plan 1 and the teachers' retirement system plan 1
2 with new and ongoing cost-of-living adjustments.

3 NEW SECTION. **Sec. 102.** The legislature intends to immediately
4 improve the funded status of the teachers' retirement system plan 1
5 and the public employees' retirement system plan 1 while reiterating
6 its commitment to the on-going funding required to secure benefits
7 promised to members of the law enforcement officers' and
8 firefighters' retirement system plan 1. The legislature intends to
9 accomplish this goal by merging the assets, liabilities, and
10 membership of the three plans. The resulting merged plan will have
11 three tiers of benefits representing each of the plans being merged.

12 The legislature further intends that this merger, as well as any
13 administrative changes necessary to implement the merger, be
14 accomplished in a way that does not negatively impact benefits
15 provided.

16 To fully ensure the protection of benefits, the legislature
17 intends for the following to be accomplished by this act:

18 (1) Members of the law enforcement officers' and firefighters'
19 retirement system plan 1 tier of the merged plan will receive the
20 same benefits from the merged plan as they would have received from
21 their current plan.

22 (2) Members of the teachers' retirement system plan 1 tier of the
23 merged plan will receive the same benefits from the merged plan as
24 they would have received from their current plan. The cost-of-living
25 adjustments in sections 401 and 403 of this act are intended as an
26 additional benefit improvement granted on top of existing benefits,
27 and are not intended as a trade-off for any other impact to benefits.

28 (3) Members of the public employees' retirement system plan 1
29 tier of the merged plan will receive the same benefits from the
30 merged plan as they would have received from their current plan. The
31 cost-of-living adjustments in sections 402 and 404 of this act are
32 intended as an additional benefit improvement granted on top of
33 existing benefits, and are not intended as a trade-off for any other
34 impact to benefits.

35 (4) The merger of these three plans will be administered in a way
36 that is consistent with plan qualification requirements in the
37 federal internal revenue code.

1 NEW SECTION.

2 **Sec. 201.**

3 (1) The assets, liabilities, and
4 membership of the law enforcement officers' and firefighters'
5 retirement system plan 1, the teachers' retirement system plan 1, and
6 the public employees' retirement system plan 1, are hereby merged
7 into a new plan to be called the legacy retirement system.

8 (2) (a) All liabilities of the teachers' retirement system plan 1
9 as defined in chapter 41.32 RCW and as funded pursuant to chapter
10 41.45 RCW, are hereby made liabilities of the legacy retirement
11 system.

12 (b) All benefits payable to the teachers' retirement system plan
13 1 members and beneficiaries pursuant to chapter 41.32 RCW shall be
14 administered as a separate tier of membership and benefits within the
15 legacy retirement system, and all associated benefits are to be paid
16 from the legacy retirement system account established in RCW
17 41.50.075(6).

18 (3) (a) Except as provided in (b) of this subsection, all
19 liabilities of the law enforcement officers' and firefighters'
20 retirement system plan 1, as defined in chapter 41.26 RCW and as
21 funded pursuant to chapter 41.45 RCW, are hereby made liabilities of
22 the legacy retirement system.

23 (b) All medical benefit liabilities for the law enforcement
24 officers' and firefighters' retirement system plan 1 provided
25 pursuant to RCW 41.26.150 remain liabilities of employers, as defined
26 in RCW 41.26.030(14) (a).

27 (c) All benefits, including survivor benefits, payable to members
28 of the law enforcement officers' and firefighters' retirement system
29 plan 1 pursuant to chapter 41.26 RCW, shall be administered as a
30 separate tier of membership and benefits within the legacy retirement
31 system, and all associated benefits are to be paid from the legacy
32 retirement system account established in RCW 41.50.075(6).

33 (4) (a) All liabilities of the public employees' retirement system
34 plan 1 as defined in chapter 41.40 RCW and as funded pursuant to
35 chapter 41.45 RCW are hereby made liabilities of the legacy
36 retirement system.

37 (b) All benefits payable to the public employees' retirement
38 system plan 1 members and beneficiaries pursuant to chapter 41.40
39 RCW, shall be administered as a separate tier of membership and
40 benefits within the legacy retirement system, and all associated
benefits are to be paid from the legacy retirement system account
established in RCW 41.50.075(6).

1 (5) All assets of the teachers' retirement system plan 1, the
2 public employees' retirement system plan 1, and the law enforcement
3 officers' and firefighters' retirement system plan 1 are merged as
4 described in RCW 41.50.075.

5 NEW SECTION. **Sec. 202.** The legacy retirement system consists of
6 three benefit tiers:

7 (1) The law enforcement officers' and firefighters' retirement
8 system plan 1 tier consisting of benefits and funding provisions as
9 provided in chapters 41.26 and 41.45 RCW;

10 (2) The teachers' retirement system plan 1 tier consisting of
11 benefits and funding provisions as provided in chapters 41.32 and
12 41.45 RCW; and

13 (3) The public employees' retirement system plan 1 tier
14 consisting of benefits and funding provisions as provided in chapters
15 41.40 and 41.45 RCW.

16 NEW SECTION. **Sec. 203.** The merger of retirement plans by
17 chapter . . ., Laws of 2025 (this act) does not impact the disability
18 boards established in RCW 41.26.110 or any official action of those
19 boards.

20 NEW SECTION. **Sec. 204.** Except as described in sections 401 and
21 404 of this act, chapter . . ., Laws of 2025 (this act) does not
22 alter any benefit incurred under the sections amended or repealed in
23 chapter . . ., Laws of 2025 (this act) or under any rule or order
24 adopted under those sections. If any substantive impacts to benefits
25 occur, it is unintentional, and chapter . . ., Laws of 2025 (this
26 act) should be construed to avoid such impacts.

27 NEW SECTION. **Sec. 301.** A new section is added to chapter 41.50
28 RCW to read as follows:

29 (1) The director is instructed to administer chapter . . ., Laws
30 of 2025 (this act) in such a way that it does not negatively impact
31 benefits for members and eligible survivors of those plans.
32 Specifically, each member of each of these plans is entitled to
33 receive benefits immediately on the effective date of the merger that
34 are at least equal to the benefits the member would have been
35 entitled to receive immediately before the merger in accordance with

1 plan terms. The director may conduct rule making for this purpose as
2 provided in RCW 41.50.050.

3 (2) The director must submit a request for a determination letter
4 from the internal revenue service indicating the qualified status of
5 the merged plan that results from the merger in section 201 of this
6 act.

7 (3) The director must submit a request for a private letter
8 ruling from the internal revenue service indicating there are no tax
9 consequences to any plan members from the merger in section 201 of
10 this act.

11 **Sec. 302.** RCW 41.50.030 and 2011 1st sp.s. c 47 s 20 are each
12 amended to read as follows:

13 (1) As soon as possible but not more than one hundred and eighty
14 days after March 19, 1976, there is transferred to the department of
15 retirement systems, except as otherwise provided in this chapter, all
16 powers, duties, and functions of:

- 17 (a) The Washington public employees' retirement system;
- 18 (b) The Washington state teachers' retirement system;
- 19 (c) The Washington law enforcement officers' and firefighters'
20 retirement system;
- 21 (d) The Washington state patrol retirement system;
- 22 (e) The Washington judicial retirement system; and
- 23 (f) The state treasurer with respect to the administration of the
24 judges' retirement fund imposed pursuant to chapter 2.12 RCW.

25 (2) On July 1, 1996, there is transferred to the department all
26 powers, duties, and functions of the deferred compensation committee.

27 (3) The department shall administer chapter 41.34 RCW.

28 (4) The department shall administer the Washington school
29 employees' retirement system created under chapter 41.35 RCW.

30 (5) The department shall administer the Washington public safety
31 employees' retirement system created under chapter 41.37 RCW.

32 (6) The department shall administer the collection of employer
33 contributions and initial prefunding of the higher education
34 retirement plan supplemental benefits, also referred to as the
35 annuity or retirement income plans created under chapter 28B.10 RCW.

36 (7) The department shall administer the legacy retirement system
37 created under section 201 of this act.

1 **Sec. 303.** RCW 41.50.075 and 2020 c 103 s 5 are each amended to
2 read as follows:

3 (1) ~~((Two funds are hereby created and established in the state~~
4 ~~treasury to be known as the Washington law enforcement officers' and~~
5 ~~firefighters' system plan 1 retirement fund, and the)) (a) The~~
6 Washington law enforcement officers' and firefighters' system plan 2
7 retirement fund ~~((which))~~ shall consist of all moneys paid ~~((inte~~
8 ~~them))~~ in accordance with the provisions of this chapter and chapter
9 41.26 RCW, whether such moneys take the form of cash, securities, or
10 other assets. The ~~((plan 1 fund shall consist of all moneys paid to~~
11 ~~finance the benefits provided to members of the law enforcement~~
12 ~~officers' and firefighters' retirement system plan 1, and the))~~ plan
13 2 fund shall consist of all moneys paid to finance the benefits
14 provided to members of the law enforcement officers' and
15 firefighters' retirement system plan ~~((2))~~.

16 (b) The Washington law enforcement officers' and firefighters'
17 system plan 1 retirement fund is hereby closed, and the assets
18 transferred to the new legacy retirement system account established
19 under subsection (6) of this section.

20 (2) (a) All of the assets of the Washington state teachers'
21 retirement system plans 2 and 3 shall be credited according to the
22 purposes for which they are held, to ~~((two funds to be maintained in~~
23 ~~the state treasury, namely, the teachers' retirement system plan 1~~
24 ~~fund and))~~ the teachers' retirement system combined plan 2 and 3 fund
25 to be maintained by the state treasury. The ~~((plan 1 fund shall~~
26 ~~consist of all moneys paid to finance the benefits provided to~~
27 ~~members of the Washington state teachers' retirement system plan 1,~~
28 ~~and the))~~ combined plan 2 and 3 fund shall consist of all moneys paid
29 to finance the benefits provided to members of the Washington state
30 teachers' retirement system plan 2 and 3.

31 (b) The teachers' retirement system plan 1 fund is hereby closed,
32 and the assets transferred to the new legacy retirement system
33 account established under subsection (6) of this section.

34 (3) (a) There is hereby established in the state treasury ~~((two~~
35 ~~separate funds, namely the public employees' retirement system plan 1~~
36 ~~fund and))~~ the public employees' retirement system combined plan 2
37 and plan 3 fund. The ~~((plan 1 fund shall consist of all moneys paid~~
38 ~~to finance the benefits provided to members of the public employees'~~
39 ~~retirement system plan 1, and the))~~ combined plan 2 and plan 3 fund

1 shall consist of all moneys paid to finance the benefits provided to
2 members of the public employees' retirement system plans 2 and 3.

3 (b) The public employees' retirement system plan 1 fund is hereby
4 closed, and the assets transferred to the new legacy retirement
5 system account established under subsection (6) of this section.

6 (4) There is hereby established in the state treasury the school
7 employees' retirement system combined plan 2 and 3 fund. The combined
8 plan 2 and 3 fund shall consist of all moneys paid to finance the
9 benefits provided to members of the school employees' retirement
10 system plan 2 and plan 3.

11 (5) There is hereby established in the state treasury the public
12 safety employees' retirement system plan 2 fund. The plan 2 fund
13 shall consist of all moneys paid to finance the benefits provided to
14 members of the public safety employees' retirement system plan 2.

15 (6) There is hereby established in the state treasury the legacy
16 retirement system account. The legacy retirement system account shall
17 consist of all moneys paid to finance the benefits provided to
18 members of the teachers' retirement system plan 1, the public
19 employees' retirement system plan 1, and the law enforcement
20 officers' and firefighters' retirement system plan 1 tiers of the
21 legacy retirement system.

22 (7)(a)(i) There is hereby established in the state treasury the
23 higher education retirement plan supplemental benefit fund. The
24 higher education retirement plan supplemental benefit fund shall
25 consist of all moneys paid to finance the benefits provided to
26 members of each of the higher education retirement plans.

27 (ii) The fund in this subsection (~~((6))~~) (7) was originally
28 created under chapter 47, Laws of 2011 1st sp. sess. (Engrossed
29 Substitute House Bill No. 1981).

30 (b) The office of financial management must create individual
31 accounts for each institution of higher education within the higher
32 education retirement plan supplemental benefit fund. For fiscal year
33 2021, the office of financial management must transfer all the assets
34 of the higher education retirement plan supplemental benefit fund
35 into the individual accounts for each institution that will be used
36 to manage the accounting for each benefit plan. The higher education
37 retirement plan supplemental benefit fund will include all the
38 amounts in the individual accounts created in this subsection.

1 **Sec. 304.** RCW 41.50.110 and 2015 3rd sp.s. c 4 s 951 are each
2 amended to read as follows:

3 (1) Except as provided by RCW 41.50.255 and subsection (6) of
4 this section, all expenses of the administration of the department,
5 the expenses of administration of the retirement systems, and the
6 expenses of the administration of the office of the state actuary
7 created in chapters 2.10, 2.12, 28B.10, 41.26, 41.32, 41.40, 41.34,
8 41.35, 41.37, 41.--- RCW (the new chapter created in section 701 of
9 this act), 43.43, and 44.44 RCW shall be paid from the department of
10 retirement systems expense fund.

11 (2) In order to reimburse the department of retirement systems
12 expense fund on an equitable basis the department shall ascertain and
13 report to each employer, as defined in chapter 41.--- RCW (the new
14 chapter created in section 701 of this act) or RCW 28B.10.400,
15 41.26.030, 41.32.010, 41.35.010, 41.37.010, or 41.40.010, the sum
16 necessary to defray its proportional share of the entire expense of
17 the administration of the retirement system that the employer
18 participates in during the ensuing biennium or fiscal year whichever
19 may be required. Such sum is to be computed in an amount directly
20 proportional to the estimated entire expense of the administration as
21 the ratio of monthly salaries of the employer's members bears to the
22 total salaries of all members in the entire system. It shall then be
23 the duty of all such employers to include in their budgets or
24 otherwise provide the amounts so required.

25 (3) The department shall compute and bill each employer, as
26 defined in chapter 41.--- RCW (the new chapter created in section 701
27 of this act) or RCW 28B.10.400, 41.26.030, 41.32.010, 41.35.010,
28 41.37.010, or 41.40.010, at the end of each month for the amount due
29 for that month to the department of retirement systems expense fund
30 and the same shall be paid as are its other obligations. Such
31 computation as to each employer shall be made on a percentage rate of
32 salary established by the department. However, the department may at
33 its discretion establish a system of billing based upon calendar year
34 quarters in which event the said billing shall be at the end of each
35 such quarter.

36 (4) The director may adjust the expense fund contribution rate
37 for each system at any time when necessary to reflect unanticipated
38 costs or savings in administering the department.

39 (5) An employer who fails to submit timely and accurate reports
40 to the department may be assessed an additional fee related to the

1 increased costs incurred by the department in processing the
2 deficient reports. Fees paid under this subsection shall be deposited
3 in the retirement system expense fund.

4 (a) Every six months the department shall determine the amount of
5 an employer's fee by reviewing the timeliness and accuracy of the
6 reports submitted by the employer in the preceding six months. If
7 those reports were not both timely and accurate the department may
8 prospectively assess an additional fee under this subsection.

9 (b) An additional fee assessed by the department under this
10 subsection shall not exceed fifty percent of the standard fee.

11 (c) The department shall adopt rules implementing this section.

12 (6) Expenses other than those under RCW 41.34.060(4) shall be
13 paid pursuant to subsection (1) of this section.

14 (7) During the 2009-2011 and 2011-2013 fiscal biennia, the
15 legislature may transfer from the department of retirement systems'
16 expense fund to the state general fund such amounts as reflect the
17 excess fund balance of the fund. During the 2015-2017 fiscal
18 biennium, state contributions to the judicial retirement system may
19 be made in part by appropriations from the department of retirement
20 systems expense fund.

21 **Sec. 401.** RCW 41.32.4992 and 2024 c 255 s 1 are each amended to
22 read as follows:

23 (1) Beneficiaries who are receiving a monthly benefit from the
24 teachers' retirement system plan 1 on July 1, 2017, shall receive,
25 effective July 1, 2018, an increase to their monthly benefit of one
26 and one-half percent multiplied by the beneficiaries' monthly
27 benefit, not to exceed \$62.50.

28 (2) Beneficiaries who are receiving a monthly benefit from the
29 teachers' retirement system plan 1 on July 1, 2019, shall receive,
30 effective July 1, 2020, an increase to their monthly benefit of three
31 percent multiplied by the beneficiaries' monthly benefit, not to
32 exceed \$62.50.

33 (3) Beneficiaries who are receiving a monthly benefit from the
34 teachers' retirement system plan 1 on July 1, 2021, shall receive,
35 effective July 1, 2022, an increase to their monthly benefit of three
36 percent multiplied by the beneficiaries' monthly benefit, not to
37 exceed \$110.00.

38 (4) Beneficiaries who are receiving a monthly benefit from the
39 teachers' retirement system plan 1 on July 1, 2022, shall receive,

1 effective July 1, 2023, an increase to their monthly benefit of three
2 percent multiplied by the beneficiaries' monthly benefit, not to
3 exceed \$110.00.

4 (5) Beneficiaries who are receiving a monthly benefit from the
5 teachers' retirement system plan 1 on July 1, 2023, shall receive,
6 effective July 1, 2024, an increase to their monthly benefit of three
7 percent multiplied by the beneficiaries' monthly benefit, not to
8 exceed \$110.00.

9 (6) Beneficiaries who are receiving a monthly benefit from the
10 teachers' retirement system plan 1 on July 1, 2024, shall receive,
11 effective July 1, 2025, an increase to their monthly benefit of three
12 percent multiplied by the beneficiaries' monthly benefit.

13 (7) This section does not apply to those receiving benefits
14 pursuant to RCW 41.32.489 or 41.32.540.

15 **Sec. 402.** RCW 41.40.1987 and 2024 c 255 s 2 are each amended to
16 read as follows:

17 (1) Beneficiaries who are receiving a monthly benefit from the
18 public employees' retirement system plan 1 on July 1, 2017, shall
19 receive, effective July 1, 2018, an increase to their monthly benefit
20 of one and one-half percent multiplied by the beneficiaries' monthly
21 benefit, not to exceed \$62.50.

22 (2) Beneficiaries who are receiving a monthly benefit from the
23 public employees' retirement system plan 1 on July 1, 2019, shall
24 receive, effective July 1, 2020, an increase to their monthly benefit
25 of three percent multiplied by the beneficiaries' monthly benefit,
26 not to exceed \$62.50.

27 (3) Beneficiaries who are receiving a monthly benefit from the
28 public employees' retirement system plan 1 on July 1, 2021, shall
29 receive, effective July 1, 2022, an increase to their monthly benefit
30 of three percent multiplied by the beneficiaries' monthly benefit,
31 not to exceed \$110.00.

32 (4) Beneficiaries who are receiving a monthly benefit from the
33 public employees' retirement system plan 1 on July 1, 2022, shall
34 receive, effective July 1, 2023, an increase to their monthly benefit
35 of three percent multiplied by the beneficiaries' monthly benefit,
36 not to exceed \$110.00.

37 (5) Beneficiaries who are receiving a monthly benefit from the
38 public employees' retirement system plan 1 on July 1, 2023, shall
39 receive, effective July 1, 2024, an increase to their monthly benefit

1 of three percent multiplied by the beneficiaries' monthly benefit,
2 not to exceed \$110.00.

3 (6) Beneficiaries who are receiving a monthly benefit from the
4 public employees' retirement system plan 1 on July 1, 2024, shall
5 receive, effective July 1, 2025, an increase to their monthly benefit
6 of three percent multiplied by the beneficiaries' monthly benefit.

7 (7) This section does not apply to those receiving benefits
8 pursuant to RCW 41.40.1984.

9 NEW SECTION. **Sec. 403.** A new section is added to chapter 41.32
10 RCW to read as follows:

11 (1) Beginning July 1, 2026, and every year thereafter, the
12 department shall determine the following information for each plan 1
13 retired member or beneficiary whose retirement allowance has been in
14 effect for at least one year:

15 (a) The original dollar amount of the retirement allowance as of
16 June 30, 2026, or the effective date of retirement, whichever is
17 later;

18 (b) The index for the calendar year prior to July 1, 2025, or the
19 effective date of the retirement allowance, whichever is later, to be
20 known as "index A";

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

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

24 (2) The value of the ratio obtained is the annual adjustment to
25 the original retirement allowance and must be applied beginning with
26 the July payment. In no event, however, may the annual adjustment:

27 (a) Produce a retirement allowance which is lower than the
28 original retirement allowance;

29 (b) Exceed three percent in the initial annual adjustment; or

30 (c) Differ from the previous year's annual adjustment by more
31 than three percent.

32 (3) For the purposes of this section, "index" means, for any
33 calendar year, that year's average consumer price index, Seattle-
34 Tacoma-Bremerton, or urban wage earners and clerical workers, all
35 items, compiled by the bureau of labor statistics, United States
36 department of labor.

37 (4) This section does not apply to members or beneficiaries
38 receiving benefits pursuant to RCW 41.32.489 or 41.32.540.

1 NEW SECTION. **Sec. 404.** A new section is added to chapter 41.40
2 RCW to read as follows:

3 (1) Beginning July 1, 2026, and every year thereafter, the
4 department shall determine the following information for each plan 1
5 retired member or beneficiary whose retirement allowance has been in
6 effect for at least one year:

7 (a) The original dollar amount of the retirement allowance as of
8 June 30, 2026, or the effective date of retirement, whichever is
9 later;

10 (b) The index for the calendar year prior to July 1, 2025, or the
11 effective date of the retirement allowance, whichever is later, to be
12 known as "index A";

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

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

16 (2) The value of the ratio obtained is the annual adjustment to
17 the original retirement allowance and must be applied beginning with
18 the July payment. In no event, however, may the annual adjustment:

19 (a) Produce a retirement allowance which is lower than the
20 original retirement allowance;

21 (b) Exceed three percent in the initial annual adjustment; or

22 (c) Differ from the previous year's annual adjustment by more
23 than three percent.

24 (3) For the purposes of this section, "index" means, for any
25 calendar year, that year's average consumer price index, Seattle-
26 Tacoma-Bremerton for urban wage earners and clerical workers, all
27 items, compiled by the bureau of labor statistics, United States
28 department of labor.

29 (4) This section does not apply to members or beneficiaries
30 receiving benefits pursuant to RCW 41.40.1984.

31 **Sec. 501.** RCW 41.45.010 and 2009 c 561 s 1 are each amended to
32 read as follows:

33 It is the intent of the legislature to provide a dependable and
34 systematic process for funding the benefits provided to members and
35 retirees of the public employees' retirement system, chapter 41.40
36 RCW; the teachers' retirement system, chapter 41.32 RCW; the law
37 enforcement officers' and firefighters' retirement systems, chapter
38 41.26 RCW; the school employees' retirement system, chapter 41.35
39 RCW; the public safety employees' retirement system, chapter 41.37

1 RCW; and the Washington state patrol retirement system, chapter 43.43
2 RCW.

3 The funding process established by this chapter is intended to
4 achieve the following goals:

5 (1) To fully fund the public employees' retirement system plans 2
6 and 3, the teachers' retirement system plans 2 and 3, the school
7 employees' retirement system plans 2 and 3, the public safety
8 employees' retirement system plan 2, and the law enforcement
9 officers' and firefighters' retirement system plan 2 as provided by
10 law;

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

14 ~~(3) To fully amortize the unfunded actuarial accrued liability in
15 the public employees' retirement system plan 1 and the teachers'
16 retirement system plan 1 within a rolling ten-year period, using
17 methods and assumptions that balance needs for increased benefit
18 security, decreased contribution rate volatility, and affordability
19 of pension contribution rates;~~

20 ~~(4))~~ To establish long-term employer contribution rates which
21 will remain a relatively predictable proportion of the future state
22 budgets; and

23 ~~((5))~~ (3) To fund, to the extent feasible, all benefits for
24 plan 2 and 3 members over the working lives of those members so that
25 the cost of those benefits are paid by the taxpayers who receive the
26 benefit of those members' service.

27 **Sec. 502.** RCW 41.45.020 and 2006 c 365 s 1 are each amended to
28 read as follows:

29 As used in this chapter, the following terms have the meanings
30 indicated unless the context clearly requires otherwise.

31 (1) "Council" means the pension funding council created in RCW
32 41.45.100.

33 (2) "Department" means the department of retirement systems.

34 (3) "Law enforcement officers' and firefighters' retirement
35 system plan 1" and "law enforcement officers' and firefighters'
36 retirement system plan 2" means the benefits and funding provisions
37 under chapter 41.26 RCW.

38 (4) "Public employees' retirement system plan 1," "public
39 employees' retirement system plan 2," and "public employees'

1 retirement system plan 3" mean the benefits and funding provisions
2 under chapter 41.40 RCW.

3 (5) "Teachers' retirement system plan 1," "teachers' retirement
4 system plan 2," and "teachers' retirement system plan 3" mean the
5 benefits and funding provisions under chapter 41.32 RCW.

6 (6) "School employees' retirement system plan 2" and "school
7 employees' retirement system plan 3" mean the benefits and funding
8 provisions under chapter 41.35 RCW.

9 (7) "Washington state patrol retirement system" means the
10 retirement benefits provided under chapter 43.43 RCW.

11 (8) "Unfunded liability" means the unfunded actuarial accrued
12 liability of a retirement system.

13 (9) "Actuary" or "state actuary" means the state actuary employed
14 under chapter 44.44 RCW.

15 (10) "State retirement systems" means the retirement systems
16 listed in RCW 41.50.030.

17 (11) "Classified employee" means a member of the Washington
18 school employees' retirement system plan 2 or plan 3 as defined in
19 RCW 41.35.010.

20 (12) "Teacher" means a member of the teachers' retirement system
21 as defined in RCW 41.32.010(~~((+15))~~).

22 (13) "Select committee" means the select committee on pension
23 policy created in RCW 41.04.276.

24 (14) "Actuarial value of assets" means the value of pension plan
25 investments and other property used by the actuary for the purpose of
26 an actuarial valuation.

27 (15) "Public safety employees' retirement system plan 2" means
28 the benefits and funding provisions established under chapter 41.37
29 RCW.

30 (16) "Normal cost" means the portion of the actuarial present
31 value of projected benefits and expenses that is allocated to a
32 period, typically twelve months, under the actuarial cost method.

33 (17) "Legacy retirement system" means the benefits and funding
34 provisions under chapter 41.--- RCW (the new chapter created in
35 section 701 of this act).

36 **Sec. 503.** RCW 41.45.035 and 2016 sp.s. c 36 s 922 are each
37 amended to read as follows:

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

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

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

7 (c) The investment rate of return assumption shall be 8 percent;

8 (d) The growth in system membership assumption shall be 1.25
9 percent for the public employees' retirement system, the public
10 safety employees' retirement system, the school employees' retirement
11 system, and the law enforcement officers' and firefighters'
12 retirement system. The assumption shall be .90 percent for the
13 teachers' retirement system; and

14 (e) From July 1, 2016, until July 1, 2017, the growth in system
15 membership for the teachers' retirement system shall be 1.25 percent.
16 It is the intent of the legislature to continue this growth rate
17 assumption in the 2017-2019 fiscal biennium.

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

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

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

28 (3) The following investment rate of return assumptions for the
29 public employees' retirement system, the public safety employees'
30 retirement system, the teachers' retirement system, the school
31 employees' retirement system, (~~(plan 1 of the law enforcement~~
32 ~~officers' and firefighters')~~) the legacy retirement system, and the
33 Washington state patrol retirement system, shall be used by the state
34 actuary for the purposes of RCW 41.45.030:

35 (a) Beginning July 1, 2013, the investment rate of return
36 assumption shall be 7.9 percent.

37 (b) Beginning July 1, 2015, the investment rate of return
38 assumption shall be 7.8 percent.

39 (c) Beginning July 1, 2017, the investment rate of return
40 assumption shall be 7.7 percent.

1 (d) For valuation purposes, the state actuary shall only use the
2 assumptions in (a) through (c) of this subsection after the effective
3 date in (a) through (c) of this subsection.

4 (e) By June 1, 2017, the state actuary shall submit to the
5 council information regarding the experience and financial condition
6 of each state retirement system, and make recommendations regarding
7 the long-term investment rate of return assumptions set forth in this
8 subsection. The council shall review this and such other information
9 as it may require.

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

24 (b) The state actuary shall periodically review the
25 appropriateness of the asset smoothing method in this section and
26 recommend changes to the council as necessary. Any changes adopted by
27 the council shall be subject to revision by the legislature.

28 **Sec. 504.** RCW 41.45.050 and 2020 c 103 s 3 are each amended to
29 read as follows:

30 (1) Employers of members of the public employees' retirement
31 system, the teachers' retirement system, the school employees'
32 retirement system, the public safety employees' retirement system,
33 the Washington state patrol retirement system, and the higher
34 education retirement plans shall make contributions to those systems
35 and plans based on the rates established in RCW 41.45.060 and
36 41.45.070.

37 (2) The state shall make contributions to the law enforcement
38 officers' and firefighters' retirement system plan 2 based on the
39 rates established in RCW 41.45.060 and 41.45.070. The state treasurer

1 shall transfer the required contributions each month on the basis of
2 salary data provided by the department.

3 (3) The department shall bill employers, and the state shall make
4 contributions to the law enforcement officers' and firefighters'
5 retirement system plan 2, using the combined rates established in RCW
6 41.45.060 and 41.45.070 regardless of the level of appropriation
7 provided in the biennial budget. Any member of an affected retirement
8 system may, by mandamus or other appropriate proceeding, require the
9 transfer and payment of funds as directed in this section.

10 (4) The contributions received for the public employees'
11 retirement system shall be allocated between the former public
12 employees' retirement system plan 1 fund (now the legacy retirement
13 system account under section 201 of this act) and the public
14 employees' retirement system combined plan 2 and plan 3 fund as
15 follows: The contributions necessary to fully fund the public
16 employees' retirement system combined plan 2 and plan 3 employer
17 contribution shall first be deposited in the public employees'
18 retirement system combined plan 2 and plan 3 fund. All remaining
19 public employees' retirement system employer contributions shall be
20 deposited in the ((~~public employees' retirement system plan 1 fund~~))
21 legacy retirement system account.

22 (5) The contributions received for the teachers' retirement
23 system shall be allocated between the former plan 1 fund and the
24 combined plan 2 and plan 3 fund as follows: The contributions
25 necessary to fully fund the combined plan 2 and plan 3 employer
26 contribution shall first be deposited in the combined plan 2 and plan
27 3 fund. All remaining teachers' retirement system employer
28 contributions shall be deposited in the ((~~plan 1 fund~~)) legacy
29 retirement system account.

30 (6) The contributions received for the school employees'
31 retirement system shall be allocated between the former public
32 employees' retirement system plan 1 fund (now the legacy retirement
33 system account under section 201 of this act) and the school
34 employees' retirement system combined plan 2 and plan 3 fund as
35 follows: The contributions necessary to fully fund the combined plan
36 2 and plan 3 employer contribution shall first be deposited in the
37 combined plan 2 and plan 3 fund. All remaining school employees'
38 retirement system employer contributions shall be deposited in the
39 ((~~public employees' retirement system plan 1 fund~~)) legacy retirement
40 system account.

1 (7) The contributions received for the law enforcement officers'
2 and firefighters' retirement system plan 2 shall be deposited in the
3 law enforcement officers' and firefighters' retirement system plan 2
4 fund.

5 (8) The contributions received for the public safety employees'
6 retirement system shall be allocated between the former public
7 employees' retirement system plan 1 fund (now the legacy retirement
8 system account under section 201 of this act) and the public safety
9 employees' retirement system plan 2 fund as follows: The
10 contributions necessary to fully fund the plan 2 employer
11 contribution shall first be deposited in the plan 2 fund. All
12 remaining public safety employees' retirement system employer
13 contributions shall be deposited in the ~~((public employees'~~
14 ~~retirement system plan 1 fund))~~ legacy retirement system account.

15 (9) The contributions received for the higher education
16 retirement plan supplemental benefit fund shall be deposited in the
17 higher education retirement plan supplemental benefit fund and
18 amounts received from each institution accounted for separately and
19 shall only be used to make benefit payments to the beneficiaries of
20 that institution's plan.

21 **Sec. 505.** RCW 41.45.060 and 2020 c 103 s 4 are each amended to
22 read as follows:

23 (1) The state actuary shall provide preliminary actuarial
24 valuation results based on the economic assumptions and asset value
25 smoothing technique included in RCW 41.45.035 or adopted under RCW
26 41.45.030 or 41.45.035.

27 (2) Not later than July 31, 2008, and every two years thereafter,
28 consistent with the economic assumptions and asset value smoothing
29 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or
30 41.45.035, the council shall adopt and may make changes to:

31 ~~((A basic state contribution rate for the law enforcement~~
32 ~~officers' and firefighters' retirement system plan 1;~~

33 ~~(b))~~ Basic employer contribution rates for the public employees'
34 retirement system, the teachers' retirement system, the school
35 employees' retirement system, the public safety employees' retirement
36 system, and the Washington state patrol retirement system; and

37 ~~((c) Basic employer contribution rates for the school employees'~~
38 ~~retirement system and the public safety employees' retirement system~~
39 ~~for funding both those systems and the public employees' retirement~~

1 ~~system plan 1))~~ (b) Basic employer contribution rates for the legacy
2 retirement system.

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

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

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

11 ~~(b))~~ To fully fund the public employees' retirement system plans
12 2 and 3, the teachers' retirement system plans 2 and 3, the public
13 safety employees' retirement system plan 2, and the school employees'
14 retirement system plans 2 and 3 in accordance with RCW 41.45.061,
15 41.45.067, and this section; and

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

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

23 (5) A modified entry age normal cost method, as set forth in this
24 chapter, shall be used to calculate employer contributions to the
25 ~~((public employees'))~~ legacy retirement system ~~((plan 1 and the~~
26 ~~teachers' retirement system plan 1))~~ as described in subsection (13)
27 of this section.

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

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

34 (b) The amount required to ~~((amortize the unfunded actuarial~~
35 ~~accrued liability in plan 1 of the public employees'))~~ fund the
36 legacy retirement system ~~((over a rolling ten-year period using~~
37 ~~projected future salary growth and growth in system membership, and~~
38 ~~subject to any minimum or maximum rates applied pursuant to RCW~~
39 ~~41.45.150; plus~~

1 ~~(c) The amounts required to amortize the costs of any benefit~~
2 ~~improvements in plan 1 of the public employees' retirement system~~
3 ~~that become effective after June 30, 2009. The cost of each benefit~~
4 ~~improvement shall be amortized over a fixed ten-year period using~~
5 ~~projected future salary growth and growth in system membership. The~~
6 ~~amounts required under this subsection are not subject to, and are~~
7 ~~collected in addition to, any minimum or maximum rates applied~~
8 ~~pursuant to RCW 41.45.150)) as described in subsection (13) of this~~
9 ~~section.~~

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

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

14 (b) The amount required to ~~((amortize the unfunded actuarial~~
15 ~~accrued liability in plan 1 of the public employees')) fund the~~
16 ~~legacy retirement system ((over a rolling ten-year period using~~
17 ~~projected future salary growth and growth in system membership, and~~
18 ~~subject to any minimum or maximum rates applied pursuant to RCW~~
19 ~~41.45.150; plus~~

20 ~~(c) The amounts required to amortize the costs of any benefit~~
21 ~~improvements in plan 1 of the public employees' retirement system~~
22 ~~that become effective after June 30, 2009. The cost of each benefit~~
23 ~~improvement shall be amortized over a fixed ten-year period using~~
24 ~~projected future salary growth and growth in system membership. The~~
25 ~~amounts required under this subsection are not subject to, and are~~
26 ~~collected in addition to, any minimum or maximum rates applied~~
27 ~~pursuant to RCW 41.45.150)) as described in subsection (13) of this~~
28 ~~section.~~

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

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

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

39 ~~(c) The amounts required to amortize the costs of any benefit~~
40 ~~improvements in plan 1 of the teachers' retirement system that become~~

1 ~~effective after June 30, 2009. The cost of each benefit improvement~~
2 ~~shall be amortized over a fixed ten-year period using projected~~
3 ~~future salary growth and growth in system membership. The amounts~~
4 ~~required under this subsection are not subject to, and are collected~~
5 ~~in addition to, any minimum or maximum rates applied pursuant to RCW~~
6 ~~41.45.150)) as described in subsection (13) of this section.~~

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

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

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

25 (12) The state actuary shall prepare final actuarial valuation
26 results based on the economic assumptions, asset value smoothing
27 technique, and contribution rates included in or adopted under RCW
28 41.45.030, 41.45.035, and this section.

29 (13) The contribution rate for the legacy retirement system
30 charged to employers of the public employees' retirement system, the
31 teachers' retirement system, the school employees' retirement system,
32 and the public safety retirement system shall equal the sum of:

33 (a) The amount required to fund the legacy retirement system over
34 a rolling 10-year period using projected future salary growth and
35 growth in system membership, and subject to any minimum or maximum
36 rates applied pursuant to RCW 41.45.150; plus

37 (b) The amounts required to amortize the costs of any benefit
38 improvements in the legacy retirement system that become effective
39 after July 1, 2027. The cost of each benefit improvement shall be
40 amortized over a fixed 10-year period using projected future salary

1 growth and growth in system membership. The amounts required under
2 this subsection are not subject to, and are collected in addition to,
3 any minimum or maximum rates applied pursuant to RCW 41.45.150.

4 **Sec. 506.** RCW 41.45.070 and 2009 c 561 s 4 are each amended to
5 read as follows:

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

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

31 (3) (a) Beginning July 1, 2009, and continuing until the effective
32 date of this section, the supplemental rate charged under this
33 section to fund benefit increases provided to active members of the
34 public employees' retirement system plan 1 and the teachers'
35 retirement system plan 1 shall be calculated as the level percentage
36 of all system pay needed to fund the cost of the benefit over a fixed
37 ten-year period, using projected future salary growth and growth in
38 system membership. The supplemental rate to fund benefit increases
39 provided to active members of the public employees' retirement system

1 plan 1 shall be charged to all system employers in the public
2 employees' retirement system, the school employees' retirement
3 system, and the public safety employees' retirement system. The
4 supplemental rate to fund benefit increases provided to active
5 members of the teachers' retirement system plan 1 shall be charged to
6 all system employers in the teachers' retirement system.

7 (b) The supplemental rates charged to all system employers in the
8 public employees' retirement system, the school employees' retirement
9 system, the public safety employees' retirement system, and the
10 teachers' retirement system shall be zero percent in fiscal years
11 2026 and 2027.

12 (c) Beginning on the effective date of this section, the
13 supplemental rate charged under this section to fund benefit
14 increases provided to members of the legacy retirement system shall
15 be calculated as the level percentage of all system pay needed to
16 fund the cost of the benefit over a fixed 10-year period, using
17 projected future salary growth and growth in system membership. The
18 supplemental rate to fund benefit increases provided to members of
19 the legacy retirement system shall be charged to all system employers
20 in the public employees' retirement system, the school employees'
21 retirement system, the public safety employees' retirement system,
22 and the teachers' retirement system.

23 (4) The supplemental rate charged under this section to fund
24 benefit increases provided to active and retired members of the
25 public employees' retirement system plan 2 and plan 3, the teachers'
26 retirement system plan 2 and plan 3, the public safety employees'
27 retirement system plan 2, the school employees' retirement system
28 plan 2 and plan 3, or the Washington state patrol retirement system
29 shall be calculated as the level percentage of all members' pay
30 needed to fund the cost of the benefit, as calculated under RCW
31 41.45.060, 41.45.061, 41.45.0631, or 41.45.067.

32 (5) The supplemental rate charged under this section to fund
33 postretirement adjustments which are provided on a nonautomatic basis
34 to current retirees shall be calculated as the percentage of pay
35 needed to fund the adjustments as they are paid to the retirees.
36 Beginning July 1, 2009, until the effective date of this section, the
37 supplemental rate charged under this section to fund increases in the
38 automatic postretirement adjustments for active or retired members of
39 the public employees' retirement system plan 1 and the teachers'
40 retirement system plan 1 shall be calculated as the level percentage

1 of pay needed to fund the cost of the automatic adjustments over a
2 fixed ten-year period, using projected future salary growth and
3 growth in system membership. The supplemental rate to fund increases
4 in the automatic postretirement adjustments for active members or
5 retired members of the public employees' retirement system plan 1
6 shall be charged to all system employers in the public employees'
7 retirement system, the school employees' retirement system, and the
8 public safety employees' retirement system. The supplemental rate to
9 fund increases in automatic postretirement adjustments for active
10 members or retired members of the teachers' retirement system plan 1
11 shall be charged to all system employers in the teachers' retirement
12 system.

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

16 (7) A supplemental rate shall not be charged to pay for the cost
17 of additional benefits granted to members pursuant to chapter 41.31A
18 RCW; section 309, chapter 341, Laws of 1998; or section 701, chapter
19 341, Laws of 1998.

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

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

31 **Sec. 507.** RCW 41.45.150 and 2023 c 396 s 1 are each amended to
32 read as follows:

33 (1) Beginning July 1, 2015, and ending June 30, 2023, a minimum
34 3.50 percent contribution is established as part of the basic
35 employer contribution rate for the public employees' retirement
36 system and the public safety employees' retirement system, to be used
37 for the sole purpose of amortizing that portion of the unfunded
38 actuarial accrued liability in the public employees' retirement

1 system plan 1 that excludes any amounts required to amortize plan 1
2 benefit improvements effective after June 30, 2009.

3 (2) Beginning September 1, 2015, and ending August 31,
4 2023(~~(+)~~), a minimum 3.50 percent contribution is established as
5 part of the basic employer contribution rate for the school
6 employees' retirement system, to be used for the sole purpose of
7 amortizing that portion of the unfunded actuarial accrued liability
8 in the public employees' retirement system plan 1 that excludes any
9 amounts required to amortize plan 1 benefit improvements effective
10 after June 30, 2009.

11 (3) Beginning September 1, 2015, and ending August 31, 2023, a
12 minimum 5.75 percent contribution is established as part of the basic
13 employer contribution rate for the teachers' retirement system, to be
14 used for the sole purpose of amortizing that portion of the unfunded
15 actuarial accrued liability in the teachers' retirement system plan 1
16 that excludes any amounts required to amortize plan 1 benefit
17 improvements effective after June 30, 2009.

18 (4)(a) Beginning July 1, 2023, and ending June 30, 2027, the
19 following employer contribution rates shall be in effect for the
20 public employees' retirement system and the public safety employees'
21 retirement system that is used for the sole purpose of amortizing
22 that portion of the unfunded actuarial accrued liability in the
23 public employees' retirement system plan 1 that excludes any amounts
24 required to amortize plan 1 benefit improvements effective after June
25 30, 2009.

26 Fiscal Year ending:

27	2024	2025	2026	2027
28	2.50%	2.00%	((1.50%))	((0.50%))
29			<u>0.00%</u>	<u>0.00%</u>

30 (b) Beginning July 1, 2027, a minimum 0.50 percent contribution
31 is established as part of the basic employer contribution rate for
32 the public employees' retirement system and the public safety
33 employees' retirement system, to be used for the sole purpose of
34 amortizing any portion of an unfunded actuarial accrued liability in
35 the ~~((public employees'))~~ legacy retirement system ~~((plan 1))~~ that
36 excludes any amounts required to amortize ~~((plan 1))~~ benefit
37 improvements effective after June 30, ~~((2009))~~ 2027. This minimum
38 contribution rate shall be in effect when the actuarial value of

1 assets in (~~plan 1 of the public employees'~~) the legacy retirement
2 system is less than 100 percent of the actuarial accrued liability.

3 (5)(a) Beginning September 1, 2023, and ending August 31, 2027,
4 the following employer contribution rates shall be in effect for the
5 school employees' retirement system that is used for the sole purpose
6 of amortizing that portion of the unfunded actuarial accrued
7 liability in the public employees' retirement system plan 1 that
8 excludes any amounts required to amortize plan 1 benefit improvements
9 effective after June 30, 2009.

Fiscal Year ending:				
2024	2025	2026	2027	
2.50%	2.00%	((1.50%))	((0.50%))	
		<u>0.00%</u>	<u>0.00%</u>	

14 (b) Beginning September 1, 2027, a minimum 0.50 percent
15 contribution is established as part of the basic employer
16 contribution rate for the school employees' retirement system, to be
17 used for the sole purpose of amortizing any portion of an unfunded
18 actuarial accrued liability in the (~~public employees'~~) legacy
19 retirement system (~~plan 1~~) that excludes any amounts required to
20 amortize (~~plan 1~~) benefit improvements effective after June 30,
21 (~~2009~~) 2027. This minimum contribution rate shall be in effect when
22 the actuarial value of assets in (~~plan 1 of the public employees'~~)
23 the legacy retirement system is less than 100 percent of the
24 actuarial accrued liability.

25 (6)(a) Beginning September 1, 2023, and ending August 31, 2027,
26 the following employer contribution rates shall be in effect for the
27 teachers' retirement system that is used for the sole purpose of
28 amortizing that portion of the unfunded actuarial accrued liability
29 in the teachers' retirement system plan 1 that excludes any amounts
30 required to amortize plan 1 benefit improvements effective after June
31 30, 2009.

Fiscal Year ending:				
2024	2025	2026	2027	
0.50%	0.50%	0.00%	0.00%	

35 (b) Beginning September 1, 2027, a minimum 0.50 percent
36 contribution is established as part of the basic employer
37 contribution rate for the teachers' retirement system, to be used for

1 the sole purpose of amortizing any portion of an unfunded actuarial
2 accrued liability in the (~~teachers'~~) legacy retirement system
3 (~~plan 1~~) that excludes any amounts required to amortize plan 1
4 benefit improvements effective after June 30, (~~2009~~) 2027. This
5 minimum contribution rate shall be in effect when the actuarial value
6 of assets in (~~plan 1 of the teachers'~~) the legacy retirement system
7 is less than 100 percent of the actuarial accrued liability.

8 (7) Upon completion of each biennial actuarial valuation, the
9 state actuary shall review the appropriateness of the minimum
10 contribution rates and recommend to the council any adjustments as
11 may be needed due to material changes in benefits or actuarial
12 assumptions, methods, or experience. Any changes adopted by the
13 council shall be subject to revision by the legislature.

14 **Sec. 508.** RCW 41.45.200 and 2006 c 189 s 17 are each amended to
15 read as follows:

16 (1) The required employer contribution rate in support of public
17 employees' retirement system members employed as supreme court
18 justices, court of appeals judges, and superior court judges who
19 elect to participate under RCW 41.40.124(1) or 41.40.870(1), or who
20 are newly elected or appointed after January 1, 2007, shall consist
21 of the public employees' retirement system employer contribution rate
22 established under this chapter plus two and one-half percent of pay.

23 (2) The required contribution rate for members of the public
24 employees' retirement system plan 2 employed as supreme court
25 justices, court of appeals judges, and superior court judges who
26 elect to participate under RCW 41.40.124(1) or 41.40.870(1), or who
27 are newly elected or appointed after January 1, 2007, shall be two
28 hundred fifty percent of the member contribution rate for the public
29 employees' retirement system plan 2 established under this chapter
30 less two and one-half percent of pay.

31 (3) The required contribution rate for members of the public
32 employees' retirement system plan 1 tier of the legacy retirement
33 system employed as supreme court justices, court of appeals judges,
34 and superior court judges who elect to participate under RCW
35 41.40.124(1), or who are newly elected or appointed after January 1,
36 2007, shall be the contribution rate established under RCW 41.40.330
37 plus three and seventy-six one-hundredths percent of pay.

1 **Sec. 509.** RCW 41.45.203 and 2007 c 492 s 12 are each amended to
2 read as follows:

3 (1) The required employer contribution rate in support of
4 teachers' retirement system members employed as supreme court
5 justices, court of appeals judges, and superior court judges who
6 elect to participate under RCW 41.32.584(1), or who are newly elected
7 or appointed after January 1, 2007, shall equal the teachers'
8 retirement system employer contribution rate established under this
9 chapter.

10 (2) The required contribution rate for members of the teachers'
11 retirement system plan 1 tier of the legacy retirement system
12 employed as supreme court justices, court of appeals judges, and
13 superior court judges who elect to participate under RCW
14 41.32.584(1), or who are newly elected or appointed after January 1,
15 2007, shall be the deductions established under RCW 41.50.235 plus
16 three and seventy-six one-hundredths percent of pay.

17 **Sec. 510.** RCW 41.45.207 and 2006 c 189 s 19 are each amended to
18 read as follows:

19 (1) The required employer contribution rate in support of public
20 employees' retirement system members employed as district court
21 judges and municipal court judges who elect to participate under RCW
22 41.40.127(1) or 41.40.873(1), or who are newly elected or appointed
23 after January 1, 2007, shall equal the public employees' retirement
24 system employer contribution rate established under this chapter.

25 (2) The required contribution rate for members of the public
26 employees' retirement system plan 2 employed as district court judges
27 or municipal court judges who elect to participate under RCW
28 41.40.127(1) or 41.40.873(1), or who are newly elected or appointed
29 after January 1, 2007, shall be two hundred fifty percent of the
30 member contribution rate for the public employees' retirement system
31 plan 2 established under this chapter.

32 (3) The required contribution rate for members of the public
33 employees' retirement system plan 1 tier of the legacy retirement
34 system employed as district court judges or municipal court judges
35 who elect to participate under RCW 41.40.124(1), or who are newly
36 elected or appointed after January 1, 2007, shall be the contribution
37 rate established under RCW 41.40.330 plus six and twenty-six one-
38 hundredths percent of pay.

1 **Sec. 601.** RCW 6.15.020 and 2011 c 162 s 3 are each amended to
2 read as follows:

3 (1) It is the policy of the state of Washington to ensure the
4 well-being of its citizens by protecting retirement income to which
5 they are or may become entitled. For that purpose generally and
6 pursuant to the authority granted to the state of Washington under 11
7 U.S.C. Sec. 522(b)(2), the exemptions in this section relating to
8 retirement benefits are provided.

9 (2) Unless otherwise provided by federal law, any money received
10 by any citizen of the state of Washington as a pension from the
11 government of the United States, whether the same be in the actual
12 possession of such person or be deposited or loaned, shall be exempt
13 from execution, attachment, garnishment, or seizure by or under any
14 legal process whatever, and when a debtor dies, or absconds, and
15 leaves his or her family any money exempted by this subsection, the
16 same shall be exempt to the family as provided in this subsection.
17 This subsection shall not apply to child support collection actions
18 issued under chapter 26.18, 26.23, or 74.20A RCW, if otherwise
19 permitted by federal law.

20 (3) The right of a person to a pension, annuity, or retirement
21 allowance or disability allowance, or death benefits, or any optional
22 benefit, or any other right accrued or accruing to any citizen of the
23 state of Washington under any employee benefit plan, and any fund
24 created by such a plan or arrangement, shall be exempt from
25 execution, attachment, garnishment, or seizure by or under any legal
26 process whatever. This subsection shall not apply to child support
27 collection actions issued under chapter 26.18, 26.23, or 74.20A RCW
28 if otherwise permitted by federal law. This subsection shall permit
29 benefits under any such plan or arrangement to be payable to a
30 spouse, former spouse, child, or other dependent of a participant in
31 such plan to the extent expressly provided for in a qualified
32 domestic relations order that meets the requirements for such orders
33 under the plan, or, in the case of benefits payable under a plan
34 described in 26 U.S.C. Sec. 403(b) or 408 of the internal revenue
35 code of 1986, as amended, or section 409 of such code as in effect
36 before January 1, 1984, to the extent provided in any order issued by
37 a court of competent jurisdiction that provides for maintenance or
38 support. This subsection does not prohibit actions against an
39 employee benefit plan, or fund for valid obligations incurred by the
40 plan or fund for the benefit of the plan or fund.

1 (4) For the purposes of this section, the term "employee benefit
2 plan" means any plan or arrangement that is described in RCW
3 49.64.020, including any Keogh plan, whether funded by a trust or by
4 an annuity contract, and in 26 U.S.C. Sec. 401(a) or 403(a) of the
5 internal revenue code of 1986, as amended; or that is a tax-sheltered
6 annuity or a custodial account described in section 403(b) of such
7 code or an individual retirement account or an individual retirement
8 annuity described in section 408 of such code; or a Roth individual
9 retirement account described in section 408A of such code; or a
10 medical savings account or a health savings account described in
11 sections 220 and 223, respectively, of such code; or a retirement
12 bond described in section 409 of such code as in effect before
13 January 1, 1984. The term "employee benefit plan" shall not include
14 any employee benefit plan that is established or maintained for its
15 employees by the government of the United States, by the state of
16 Washington under chapter 2.10, 2.12, 41.26, 41.32, 41.34, 41.35,
17 41.37, 41.40, 41.--- RCW (the new chapter created in section 701 of
18 this act), or 43.43 RCW or RCW 41.50.770, or by any agency or
19 instrumentality of the government of the United States.

20 (5) An employee benefit plan shall be deemed to be a spendthrift
21 trust, regardless of the source of funds, the relationship between
22 the trustee or custodian of the plan and the beneficiary, or the
23 ability of the debtor to withdraw or borrow or otherwise become
24 entitled to benefits from the plan before retirement. This subsection
25 shall not apply to child support collection actions issued under
26 chapter 26.18, 26.23, or 74.20A RCW, if otherwise permitted by
27 federal law. This subsection shall permit benefits under any such
28 plan or arrangement to be payable to a spouse, former spouse, child,
29 or other dependent of a participant in such plan to the extent
30 expressly provided for in a qualified domestic relations order that
31 meets the requirements for such orders under the plan, or, in the
32 case of benefits payable under a plan described in 26 U.S.C. Sec.
33 403(b) or 408 of the internal revenue code of 1986, as amended, or
34 section 409 of such code as in effect before January 1, 1984, to the
35 extent provided in any order issued by a court of competent
36 jurisdiction that provides for maintenance or support.

37 (6) Unless prohibited by federal law, nothing contained in
38 subsection (3), (4), or (5) of this section shall be construed as a
39 termination or limitation of a spouse's community property interest
40 in an employee benefit plan held in the name of or on account of the

1 other spouse, who is the participant or the account holder spouse.
2 Unless prohibited by applicable federal law, at the death of the
3 nonparticipant, nonaccount holder spouse, the nonparticipant,
4 nonaccount holder spouse may transfer or distribute the community
5 property interest of the nonparticipant, nonaccount holder spouse in
6 the participant or account holder spouse's employee benefit plan to
7 the nonparticipant, nonaccount holder spouse's estate, testamentary
8 trust, inter vivos trust, or other successor or successors pursuant
9 to the last will of the nonparticipant, nonaccount holder spouse or
10 the law of intestate succession, and that distributee may, but shall
11 not be required to, obtain an order of a court of competent
12 jurisdiction, including a nonjudicial binding agreement or order
13 entered under chapter 11.96A RCW, to confirm the distribution. For
14 purposes of subsection (3) of this section, the distributee of the
15 nonparticipant, nonaccount holder spouse's community property
16 interest in an employee benefit plan shall be considered a person
17 entitled to the full protection of subsection (3) of this section.
18 The nonparticipant, nonaccount holder spouse's consent to a
19 beneficiary designation by the participant or account holder spouse
20 with respect to an employee benefit plan shall not, absent clear and
21 convincing evidence to the contrary, be deemed a release, gift,
22 relinquishment, termination, limitation, or transfer of the
23 nonparticipant, nonaccount holder spouse's community property
24 interest in an employee benefit plan. For purposes of this
25 subsection, the term "nonparticipant, nonaccount holder spouse" means
26 the spouse of the person who is a participant in an employee benefit
27 plan or in whose name an individual retirement account is maintained.
28 As used in this subsection, an order of a court of competent
29 jurisdiction entered under chapter 11.96A RCW includes an agreement,
30 as that term is used under RCW 11.96A.220.

31 **Sec. 602.** RCW 41.04.440 and 2007 c 492 s 3 are each amended to
32 read as follows:

33 (1) The sole purpose of RCW 41.04.445 and 41.04.450 is to allow
34 the members of the retirement systems created in chapters 2.10, 2.12,
35 41.26, 41.32, 41.35, 41.37, 41.40, 41.34, 41.--- RCW (the new chapter
36 created in section 701 of this act), and 43.43 RCW to enjoy the tax
37 deferral benefits allowed under 26 U.S.C. 414(h). Chapter 227, Laws
38 of 1984 does not alter in any manner the provisions of RCW 41.45.060,
39 41.45.061, and 41.45.067 which require that the member contribution

1 rates shall be set so as to provide fifty percent of the cost of the
2 respective retirement plans.

3 (2) Should the legislature revoke any benefit allowed under 26
4 U.S.C. 414(h), no affected employee shall be entitled thereafter to
5 receive such benefit as a matter of contractual right.

6 **Sec. 603.** RCW 41.04.445 and 2007 c 492 s 4 are each amended to
7 read as follows:

8 (1) This section applies to all members who are:

9 (a) Judges under the retirement system established under chapter
10 2.10, 2.12, or 2.14 RCW;

11 (b) Employees of the state under the retirement system
12 established by chapter 41.32, 41.37, 41.40, 41.--- RCW (the new
13 chapter created in section 701 of this act), or 43.43 RCW;

14 (c) Employees of school districts under the retirement system
15 established by chapter 41.32 or 41.40 RCW, except for substitute
16 teachers as defined by RCW 41.32.010;

17 (d) Employees of educational service districts under the
18 retirement system established by chapter 41.32 or 41.40 RCW; or

19 (e) Employees of community college districts under the retirement
20 system established by chapter 41.32 or 41.40 RCW.

21 (2) Only for compensation earned after the effective date of the
22 implementation of this section and as provided by section 414(h) of
23 the federal internal revenue code, the employer of all the members
24 specified in subsection (1) of this section shall pick up only those
25 member contributions as required under:

26 (a) RCW 2.10.090(1);

27 (b) RCW 2.12.060;

28 (c) RCW 2.14.090;

29 (d) RCW 41.32.263;

30 (e) RCW 41.32.350;

31 (f) RCW 41.40.330 (1) and (3);

32 (g) RCW 41.45.061 and 41.45.067;

33 (h) RCW 41.34.070;

34 (i) RCW 43.43.300; and

35 (j) RCW 41.34.040.

36 (3) Only for the purposes of federal income taxation, the gross
37 income of the member shall be reduced by the amount of the
38 contribution to the respective retirement system picked up by the
39 employer.

1 (4) All member contributions to the respective retirement system
2 picked up by the employer as provided by this section, plus the
3 accrued interest earned thereon, shall be paid to the member upon the
4 withdrawal of funds or lump sum payment of accumulated contributions
5 as provided under the provisions of the retirement systems.

6 (5) At least forty-five days prior to implementing this section,
7 the employer shall provide:

8 (a) A complete explanation of the effects of this section to all
9 members; and

10 (b) Notification of such implementation to the director of the
11 department of retirement systems.

12 **Sec. 604.** RCW 41.04.450 and 2007 c 492 s 5 are each amended to
13 read as follows:

14 (1) Employers of those members under chapters 41.26, 41.34,
15 41.35, 41.37, 41.--- RCW (the new chapter created in section 701 of
16 this act), and 41.40 RCW who are not specified in RCW 41.04.445 may
17 choose to implement the employer pick up of all member contributions
18 without exception under RCW 41.26.080(1)(a), 41.26.450, 41.40.330(1),
19 41.45.060, 41.45.061, and 41.45.067 and chapter 41.34 RCW. If the
20 employer does so choose, the employer and members shall be subject to
21 the conditions and limitations of RCW 41.04.445 (3), (4), and (5) and
22 41.04.455.

23 (2) An employer exercising the option under this section may
24 later choose to withdraw from and/or reestablish the employer pick up
25 of member contributions only once in a calendar year following forty-
26 five days prior notice to the director of the department of
27 retirement systems.

28 **Sec. 605.** RCW 41.04.803 and 2012 c 236 s 7 are each amended to
29 read as follows:

30 (1) Chapter 236, Laws of 2012 is curative and remedial and is
31 applicable to any future determination of eligibility for membership
32 in a retirement system under chapters 41.26, 41.32, 41.35, 41.37,
33 ((and)) 41.40, and 41.--- RCW (the new chapter created in section 701
34 of this act) RCW.

35 (2) Chapter 236, Laws of 2012 does not apply to or contravene any
36 prior final decision of the state supreme court regarding the
37 interpretation of the statutes addressed in chapter 236, Laws of
38 2012.

1 **Sec. 606.** RCW 41.05.320 and 2023 c 51 s 17 are each amended to
2 read as follows:

3 (1) Elected officials and permanent employees and school
4 employees are eligible to participate in the salary reduction plan
5 and reduce their salary by agreement with the authority. The
6 authority may adopt rules to: (a) Limit the participation of
7 employing agencies and their employees in the plan; and (b) permit
8 participation in the plan by temporary employees and school
9 employees.

10 (2) Persons eligible under subsection (1) of this section may
11 enter into salary reduction agreements with the state.

12 (3) (a) An eligible person may become a participant of the salary
13 reduction plan for a full plan year with annual benefit plan
14 selection for each new plan year made before the beginning of the
15 plan year, as determined by the authority, or upon becoming eligible.

16 (b) Once an eligible person elects to participate in the salary
17 reduction plan and determines the amount his or her gross salary
18 shall be reduced and the benefit plan for which the funds are to be
19 used during the plan year, the agreement shall be irrevocable and may
20 not be amended during the plan year except as provided in (c) of this
21 subsection. Prior to making an election to participate in the salary
22 reduction plan, the eligible person shall be informed in writing of
23 all the benefits and reductions that will occur as a result of such
24 election.

25 (c) The authority shall provide in the salary reduction plan that
26 a participant may enroll, terminate, or change his or her election
27 after the plan year has begun if there is a significant change in a
28 participant's status, as provided by 26 U.S.C. Sec. 125 and the
29 regulations adopted under that section and defined by the authority.

30 (4) The authority shall establish as part of the salary reduction
31 plan the procedures for and effect of withdrawal from the plan by
32 reason of retirement, death, leave of absence, or termination of
33 employment. To the extent possible under federal law, the authority
34 shall protect participants from forfeiture of rights under the plan.

35 (5) Any reduction of salary under the salary reduction plan shall
36 not reduce the reportable compensation for the purpose of computing
37 the state retirement and pension benefits earned by the public
38 employee pursuant to chapters 41.26, 41.32, 41.35, 41.37, 41.40,
39 41.--- RCW (the new chapter created in section 701 of this act), and
40 43.43 RCW.

1 **Sec. 607.** RCW 41.24.400 and 2007 c 492 s 7 are each amended to
2 read as follows:

3 (1) Except as provided in subsection (2) of this section, any
4 municipality may make provision by appropriate legislation and
5 payment of fees required by RCW 41.24.030(~~((1))~~) (2) solely for the
6 purpose of enabling any reserve officer to enroll under the
7 retirement pension provisions of this chapter or fees required under
8 RCW 41.24.030(~~((1))~~) (2) to pay for the costs of extending the relief
9 provisions of this chapter to its reserve officers.

10 (2) A reserve officer is not eligible to receive a benefit under
11 the retirement provisions of this chapter for service under chapter
12 41.26, 41.32, 41.35, 41.37, (~~((or))~~) 41.40, or 41.--- RCW (the new
13 chapter created in section 701 of this act) RCW.

14 (3) Every municipality shall make provisions for the collection
15 and payment of the fees required under this chapter, and shall
16 continue to make provisions for all reserve officers who come under
17 this chapter as long as they continue to be employed as reserve
18 officers.

19 (4) Except as provided under RCW 41.24.450, a reserve officer is
20 not eligible to receive a benefit under the relief provisions of this
21 chapter.

22 **Sec. 608.** RCW 41.50.080 and 2011 1st sp.s. c 47 s 21 are each
23 amended to read as follows:

24 The state investment board shall provide for the investment of
25 all funds of the Washington public employees' retirement system, the
26 teachers' retirement system, the school employees' retirement system,
27 the Washington law enforcement officers' and firefighters' retirement
28 system, the Washington state patrol retirement system, the Washington
29 judicial retirement system, the Washington public safety employees'
30 retirement system, the legacy retirement system, the higher education
31 retirement plan supplemental benefit fund, and the judges' retirement
32 fund, pursuant to RCW 43.84.150, and may sell or exchange investments
33 acquired in the exercise of that authority.

34 **Sec. 609.** RCW 41.50.235 and 1991 c 35 s 52 are each amended to
35 read as follows:

36 Every officer authorized to issue salary warrants to teachers
37 shall deduct from the salary payments to any member of the Washington
38 state teachers' retirement system plan 1 of the legacy retirement

1 system regularly employed an amount which will result in total
2 deductions of six percent of the amount of earnable compensation paid
3 in any fiscal year. These deductions shall be transmitted and
4 reported to the retirement system as directed by the department.

5 **Sec. 610.** RCW 41.50.255 and 2004 c 242 s 49 are each amended to
6 read as follows:

7 The director is authorized to pay from the interest earnings of
8 the trust funds of the public employees' retirement system, the
9 teachers' retirement system, the Washington state patrol retirement
10 system, the Washington judicial retirement system, the judges'
11 retirement system, the school employees' retirement system, the
12 public safety employees' retirement system, the legacy retirement
13 system, or the law enforcement officers' and firefighters' retirement
14 system lawful obligations of the appropriate system for legal
15 expenses and medical expenses which expenses are primarily incurred
16 for the purpose of protecting the appropriate trust fund or are
17 incurred in compliance with statutes governing such funds.

18 The term "legal expense" includes, but is not limited to, legal
19 services provided through the legal services revolving fund, fees for
20 expert witnesses, travel expenses, fees for court reporters, cost of
21 transcript preparation, and reproduction of documents.

22 The term "medical costs" includes, but is not limited to,
23 expenses for the medical examination or reexamination of members or
24 retirees, the costs of preparation of medical reports, and fees
25 charged by medical professionals for attendance at discovery
26 proceedings or hearings.

27 The director may also pay from the interest earnings of the trust
28 funds specified in this section costs incurred in investigating fraud
29 and collecting overpayments, including expenses incurred to review
30 and investigate cases of possible fraud against the trust funds and
31 collection agency fees and other costs incurred in recovering
32 overpayments. Recovered funds must be returned to the appropriate
33 trust funds.

34 **Sec. 611.** RCW 41.50.500 and 2004 c 242 s 50 are each amended to
35 read as follows:

36 Unless the context clearly requires otherwise, the definitions in
37 this section apply throughout RCW 41.50.500 through 41.50.650,
38 41.50.670 through 41.50.720, and 26.09.138.

1 (1) "Benefits" means periodic retirement payments or a withdrawal
2 of accumulated contributions.

3 (2) "Disposable benefits" means that part of the benefits of an
4 individual remaining after the deduction from those benefits of any
5 amount required by law to be withheld. The term "required by law to
6 be withheld" does not include any deduction elective to the member.

7 (3) "Dissolution order" means any judgment, decree, or order of
8 spousal maintenance, property division, or court-approved property
9 settlement incident to a decree of divorce, dissolution, invalidity,
10 or legal separation issued by the superior court of the state of
11 Washington or a judgment, decree, or other order of spousal support
12 issued by a court of competent jurisdiction in another state or
13 country, that has been registered or otherwise made enforceable in
14 this state.

15 (4) "Mandatory benefits assignment order" means an order issued
16 to the department of retirement systems pursuant to RCW 41.50.570 to
17 withhold and deliver benefits payable to an obligor under chapter
18 2.10, 2.12, 41.26, 41.32, 41.40, 41.35, 41.37, 41.--- RCW (the new
19 chapter created in section 701 of this act), or 43.43 RCW.

20 (5) "Obligee" means an ex spouse or spouse to whom a duty of
21 spousal maintenance or property division obligation is owed.

22 (6) "Obligor" means the spouse or ex spouse owing a duty of
23 spousal maintenance or a property division obligation.

24 (7) "Periodic retirement payments" means periodic payments of
25 retirement allowances, including but not limited to service
26 retirement allowances, disability retirement allowances, and
27 survivors' allowances. The term does not include a withdrawal of
28 accumulated contributions.

29 (8) "Property division obligation" means any outstanding court-
30 ordered property division or court-approved property settlement
31 obligation incident to a decree of divorce, dissolution, or legal
32 separation.

33 (9) "Standard allowance" means a benefit payment option selected
34 under RCW 2.10.146(1)(a), 41.26.460(1)(a), 41.32.785(1)(a),
35 41.40.188(1)(a), 41.40.660(1), 41.40.845(1)(a), 41.37.170, or
36 41.35.220 that ceases upon the death of the retiree. Standard
37 allowance also means the benefit allowance provided under RCW
38 2.10.110, 2.10.130, 43.43.260, 41.26.100, 41.26.130(1)(a), or chapter
39 2.12 RCW. Standard allowance also means the maximum retirement

1 allowance available under RCW 41.32.530(1) following member
2 withdrawal of accumulated contributions, if any.

3 (10) "Withdrawal of accumulated contributions" means a lump sum
4 payment to a retirement system member of all or a part of the
5 member's accumulated contributions, including accrued interest, at
6 the request of the member including any lump sum amount paid upon the
7 death of the member.

8 **Sec. 612.** RCW 41.54.010 and 2007 c 207 s 1 are each amended to
9 read as follows:

10 The definitions in this section apply throughout this chapter
11 unless the context clearly requires otherwise.

12 (1) "Base salary" means salaries or wages earned by a member of a
13 system during a payroll period for personal services and includes
14 wages and salaries deferred under provisions of the United States
15 internal revenue code, but shall exclude overtime payments, nonmoney
16 maintenance compensation, and lump sum payments for deferred annual
17 sick leave, unused accumulated vacation, unused accumulated annual
18 leave, any form of severance pay, any bonus for voluntary retirement,
19 any other form of leave, or any similar lump sum payment; except that
20 forms of payment which are excluded under this subsection shall be
21 included in base salary when reportable to the department in all of a
22 dual member's retirement systems, and when none of the dual member's
23 retirement systems are the Washington state patrol retirement system.

24 (2) "Department" means the department of retirement systems.

25 (3) "Director" means the director of the department of retirement
26 systems.

27 (4) "Dual member" means a person who (a) is or becomes a member
28 of a system on or after July 1, 1988, (b) has been a member of one or
29 more other systems, and (c) has never been retired for service from a
30 retirement system and is not receiving a disability retirement or
31 disability leave benefit from any retirement system listed in RCW
32 41.50.030 or subsection (6) of this section.

33 (5) "Service" means the same as it may be defined in each
34 respective system. For the purposes of RCW 41.54.030, military
35 service granted under RCW 41.40.170(3) or 43.43.260 may only be based
36 on service accrued under chapter 41.40 or 43.43 RCW, respectively.

37 (6) "System" means the retirement systems established under
38 chapters 41.32, 41.40, 41.44, 41.35, 41.37, 41.--- RCW (the new
39 chapter created in section 701 of this act), and 43.43 RCW; plan 2 of

1 the system established under chapter 41.26 RCW; and the city employee
2 retirement systems for Seattle, Tacoma, and Spokane.

3 **Sec. 613.** RCW 41.54.040 and 2004 c 242 s 59 are each amended to
4 read as follows:

5 (1) The allowances calculated under RCW 41.54.030, 41.54.032, and
6 41.54.034 shall be paid separately by each respective current and
7 prior system. Any deductions from such separate payments shall be
8 according to the provisions of the respective systems.

9 (2) Postretirement adjustments, if any, shall be applied by the
10 respective systems based on the payments made under subsection (1) of
11 this section.

12 (3) The department shall adopt rules under chapter 34.05 RCW to
13 ensure that where a dual member has service in a system established
14 under chapter 41.32, 41.40, 41.44, 41.35, 41.37, 41.--- RCW (the new
15 chapter created in section 701 of this act), or 43.43 RCW; service in
16 plan 2 of the system established under chapter 41.26 RCW; and service
17 under the city employee retirement system for Seattle, Tacoma, or
18 Spokane, the additional cost incurred as a result of the dual member
19 receiving a benefit under this chapter shall be borne by the
20 retirement system incurring the additional cost.

21 **Sec. 614.** RCW 43.84.092 and 2024 c 210 s 4 and 2024 c 168 s 12
22 are each reenacted and amended to read as follows:

23 (1) All earnings of investments of surplus balances in the state
24 treasury shall be deposited to the treasury income account, which
25 account is hereby established in the state treasury.

26 (2) The treasury income account shall be utilized to pay or
27 receive funds associated with federal programs as required by the
28 federal cash management improvement act of 1990. The treasury income
29 account is subject in all respects to chapter 43.88 RCW, but no
30 appropriation is required for refunds or allocations of interest
31 earnings required by the cash management improvement act. Refunds of
32 interest to the federal treasury required under the cash management
33 improvement act fall under RCW 43.88.180 and shall not require
34 appropriation. The office of financial management shall determine the
35 amounts due to or from the federal government pursuant to the cash
36 management improvement act. The office of financial management may
37 direct transfers of funds between accounts as deemed necessary to
38 implement the provisions of the cash management improvement act, and

1 this subsection. Refunds or allocations shall occur prior to the
2 distributions of earnings set forth in subsection (4) of this
3 section.

4 (3) Except for the provisions of RCW 43.84.160, the treasury
5 income account may be utilized for the payment of purchased banking
6 services on behalf of treasury funds including, but not limited to,
7 depository, safekeeping, and disbursement functions for the state
8 treasury and affected state agencies. The treasury income account is
9 subject in all respects to chapter 43.88 RCW, but no appropriation is
10 required for payments to financial institutions. Payments shall occur
11 prior to distribution of earnings set forth in subsection (4) of this
12 section.

13 (4) Monthly, the state treasurer shall distribute the earnings
14 credited to the treasury income account. The state treasurer shall
15 credit the general fund with all the earnings credited to the
16 treasury income account except:

17 (a) The following accounts and funds shall receive their
18 proportionate share of earnings based upon each account's and fund's
19 average daily balance for the period: The abandoned recreational
20 vehicle disposal account, the aeronautics account, the Alaskan Way
21 viaduct replacement project account, the ambulance transport fund,
22 the budget stabilization account, the capital vessel replacement
23 account, the capitol building construction account, the Central
24 Washington University capital projects account, the charitable,
25 educational, penal and reformatory institutions account, the Chehalis
26 basin account, the Chehalis basin taxable account, the clean fuels
27 credit account, the clean fuels transportation investment account,
28 the cleanup settlement account, the climate active transportation
29 account, the climate transit programs account, the Columbia river
30 basin water supply development account, the Columbia river basin
31 taxable bond water supply development account, the Columbia river
32 basin water supply revenue recovery account, the common school
33 construction fund, the community forest trust account, the connecting
34 Washington account, the county arterial preservation account, the
35 county criminal justice assistance account, the covenant
36 homeownership account, the deferred compensation administrative
37 account, the deferred compensation principal account, the department
38 of licensing services account, the department of retirement systems
39 expense account, the developmental disabilities community services
40 account, the diesel idle reduction account, the opioid abatement

1 settlement account, the drinking water assistance account, the
2 administrative subaccount of the drinking water assistance account,
3 the early learning facilities development account, the early learning
4 facilities revolving account, the Eastern Washington University
5 capital projects account, the education construction fund, the
6 education legacy trust account, the election account, the electric
7 vehicle account, the energy freedom account, the energy recovery act
8 account, the essential rail assistance account, The Evergreen State
9 College capital projects account, the fair start for kids account,
10 the family medicine workforce development account, the ferry bond
11 retirement fund, the fish, wildlife, and conservation account, the
12 freight mobility investment account, the freight mobility multimodal
13 account, the grade crossing protective fund, the higher education
14 retirement plan supplemental benefit fund, the Washington student
15 loan account, the highway bond retirement fund, the highway
16 infrastructure account, the highway safety fund, the hospital safety
17 net assessment fund, the Interstate 5 bridge replacement project
18 account, the Interstate 405 and state route number 167 express toll
19 lanes account, the judges' retirement account, the judicial
20 retirement administrative account, the judicial retirement principal
21 account, the limited fish and wildlife account, the local leasehold
22 excise tax account, the local real estate excise tax account, the
23 local sales and use tax account, the marine resources stewardship
24 trust account, the medical aid account, the money-purchase retirement
25 savings administrative account, the money-purchase retirement savings
26 principal account, the motor vehicle fund, the motorcycle safety
27 education account, the move ahead WA account, the move ahead WA
28 flexible account, the multimodal transportation account, the multiuse
29 roadway safety account, the municipal criminal justice assistance
30 account, the oyster reserve land account, the pension funding
31 stabilization account, the perpetual surveillance and maintenance
32 account, the pilotage account, the pollution liability insurance
33 agency underground storage tank revolving account, (~~the public~~
34 ~~employees' retirement system plan 1 account,~~) the public employees'
35 retirement system combined plan 2 and plan 3 account, the public
36 facilities construction loan revolving account, the public health
37 supplemental account, the public works assistance account, the Puget
38 Sound capital construction account, the Puget Sound ferry operations
39 account, the Puget Sound Gateway facility account, the Puget Sound
40 taxpayer accountability account, the real estate appraiser commission

1 account, the recreational vehicle account, the regional mobility
2 grant program account, the reserve officers' relief and pension
3 principal fund, the resource management cost account, the rural
4 arterial trust account, the rural mobility grant program account, the
5 rural Washington loan fund, the second injury fund, the sexual
6 assault prevention and response account, the site closure account,
7 the skilled nursing facility safety net trust fund, the small city
8 pavement and sidewalk account, the special category C account, the
9 special wildlife account, the state hazard mitigation revolving loan
10 account, the state investment board expense account, the state
11 investment board commingled trust fund accounts, the state patrol
12 highway account, the state reclamation revolving account, the state
13 route number 520 civil penalties account, the state route number 520
14 corridor account, the statewide broadband account, the statewide
15 tourism marketing account, the supplemental pension account, the
16 Tacoma Narrows toll bridge account, (~~the teachers' retirement system
17 plan 1 account,~~) the teachers' retirement system combined plan 2 and
18 plan 3 account, the tobacco prevention and control account, the
19 tobacco settlement account, the toll facility bond retirement
20 account, the transportation 2003 account (nickel account), the
21 transportation equipment fund, the JUDY transportation future funding
22 program account, the transportation improvement account, the
23 transportation improvement board bond retirement account, the
24 transportation infrastructure account, the transportation partnership
25 account, the traumatic brain injury account, the tribal opioid
26 prevention and treatment account, the University of Washington bond
27 retirement fund, the University of Washington building account, the
28 voluntary cleanup account, the volunteer firefighters' relief and
29 pension principal fund, the volunteer firefighters' and reserve
30 officers' administrative fund, the vulnerable roadway user education
31 account, the Washington judicial retirement system account, (~~the
32 Washington law enforcement officers' and firefighters' system plan 1
33 retirement account,~~) the Washington law enforcement officers' and
34 firefighters' system plan 2 retirement account, the Washington public
35 safety employees' plan 2 retirement account, the Washington school
36 employees' retirement system combined plan 2 and 3 account, the
37 Washington state patrol retirement account, the Washington State
38 University building account, the Washington State University bond
39 retirement fund, the water pollution control revolving administration
40 account, the water pollution control revolving fund, the Western

1 Washington University capital projects account, the legacy retirement
2 system account, the Yakima integrated plan implementation account,
3 the Yakima integrated plan implementation revenue recovery account,
4 and the Yakima integrated plan implementation taxable bond account.
5 Earnings derived from investing balances of the agricultural
6 permanent fund, the normal school permanent fund, the permanent
7 common school fund, the scientific permanent fund, and the state
8 university permanent fund shall be allocated to their respective
9 beneficiary accounts.

10 (b) Any state agency that has independent authority over accounts
11 or funds not statutorily required to be held in the state treasury
12 that deposits funds into a fund or account in the state treasury
13 pursuant to an agreement with the office of the state treasurer shall
14 receive its proportionate share of earnings based upon each account's
15 or fund's average daily balance for the period.

16 (5) In conformance with Article II, section 37 of the state
17 Constitution, no treasury accounts or funds shall be allocated
18 earnings without the specific affirmative directive of this section.

19 **Sec. 615.** RCW 43.84.092 and 2024 c 210 s 5 and 2024 c 168 s 13
20 are each reenacted and amended to read as follows:

21 (1) All earnings of investments of surplus balances in the state
22 treasury shall be deposited to the treasury income account, which
23 account is hereby established in the state treasury.

24 (2) The treasury income account shall be utilized to pay or
25 receive funds associated with federal programs as required by the
26 federal cash management improvement act of 1990. The treasury income
27 account is subject in all respects to chapter 43.88 RCW, but no
28 appropriation is required for refunds or allocations of interest
29 earnings required by the cash management improvement act. Refunds of
30 interest to the federal treasury required under the cash management
31 improvement act fall under RCW 43.88.180 and shall not require
32 appropriation. The office of financial management shall determine the
33 amounts due to or from the federal government pursuant to the cash
34 management improvement act. The office of financial management may
35 direct transfers of funds between accounts as deemed necessary to
36 implement the provisions of the cash management improvement act, and
37 this subsection. Refunds or allocations shall occur prior to the
38 distributions of earnings set forth in subsection (4) of this
39 section.

1 (3) Except for the provisions of RCW 43.84.160, the treasury
2 income account may be utilized for the payment of purchased banking
3 services on behalf of treasury funds including, but not limited to,
4 depository, safekeeping, and disbursement functions for the state
5 treasury and affected state agencies. The treasury income account is
6 subject in all respects to chapter 43.88 RCW, but no appropriation is
7 required for payments to financial institutions. Payments shall occur
8 prior to distribution of earnings set forth in subsection (4) of this
9 section.

10 (4) Monthly, the state treasurer shall distribute the earnings
11 credited to the treasury income account. The state treasurer shall
12 credit the general fund with all the earnings credited to the
13 treasury income account except:

14 (a) The following accounts and funds shall receive their
15 proportionate share of earnings based upon each account's and fund's
16 average daily balance for the period: The abandoned recreational
17 vehicle disposal account, the aeronautics account, the Alaskan Way
18 viaduct replacement project account, the budget stabilization
19 account, the capital vessel replacement account, the capitol building
20 construction account, the Central Washington University capital
21 projects account, the charitable, educational, penal and reformatory
22 institutions account, the Chehalis basin account, the Chehalis basin
23 taxable account, the clean fuels credit account, the clean fuels
24 transportation investment account, the cleanup settlement account,
25 the climate active transportation account, the climate transit
26 programs account, the Columbia river basin water supply development
27 account, the Columbia river basin taxable bond water supply
28 development account, the Columbia river basin water supply revenue
29 recovery account, the common school construction fund, the community
30 forest trust account, the connecting Washington account, the county
31 arterial preservation account, the county criminal justice assistance
32 account, the covenant homeownership account, the deferred
33 compensation administrative account, the deferred compensation
34 principal account, the department of licensing services account, the
35 department of retirement systems expense account, the developmental
36 disabilities community services account, the diesel idle reduction
37 account, the opioid abatement settlement account, the drinking water
38 assistance account, the administrative subaccount of the drinking
39 water assistance account, the early learning facilities development
40 account, the early learning facilities revolving account, the Eastern

1 Washington University capital projects account, the education
2 construction fund, the education legacy trust account, the election
3 account, the electric vehicle account, the energy freedom account,
4 the energy recovery act account, the essential rail assistance
5 account, The Evergreen State College capital projects account, the
6 fair start for kids account, the family medicine workforce
7 development account, the ferry bond retirement fund, the fish,
8 wildlife, and conservation account, the freight mobility investment
9 account, the freight mobility multimodal account, the grade crossing
10 protective fund, the higher education retirement plan supplemental
11 benefit fund, the Washington student loan account, the highway bond
12 retirement fund, the highway infrastructure account, the highway
13 safety fund, the hospital safety net assessment fund, the Interstate
14 5 bridge replacement project account, the Interstate 405 and state
15 route number 167 express toll lanes account, the judges' retirement
16 account, the judicial retirement administrative account, the judicial
17 retirement principal account, the limited fish and wildlife account,
18 the local leasehold excise tax account, the local real estate excise
19 tax account, the local sales and use tax account, the marine
20 resources stewardship trust account, the medical aid account, the
21 money-purchase retirement savings administrative account, the money-
22 purchase retirement savings principal account, the motor vehicle
23 fund, the motorcycle safety education account, the move ahead WA
24 account, the move ahead WA flexible account, the multimodal
25 transportation account, the multiuse roadway safety account, the
26 municipal criminal justice assistance account, the oyster reserve
27 land account, the pension funding stabilization account, the
28 perpetual surveillance and maintenance account, the pilotage account,
29 the pollution liability insurance agency underground storage tank
30 revolving account, (~~the public employees' retirement system plan 1~~
31 ~~account,~~) the public employees' retirement system combined plan 2
32 and plan 3 account, the public facilities construction loan revolving
33 account, the public health supplemental account, the public works
34 assistance account, the Puget Sound capital construction account, the
35 Puget Sound ferry operations account, the Puget Sound Gateway
36 facility account, the Puget Sound taxpayer accountability account,
37 the real estate appraiser commission account, the recreational
38 vehicle account, the regional mobility grant program account, the
39 reserve officers' relief and pension principal fund, the resource
40 management cost account, the rural arterial trust account, the rural

1 mobility grant program account, the rural Washington loan fund, the
2 second injury fund, the sexual assault prevention and response
3 account, the site closure account, the skilled nursing facility
4 safety net trust fund, the small city pavement and sidewalk account,
5 the special category C account, the special wildlife account, the
6 state hazard mitigation revolving loan account, the state investment
7 board expense account, the state investment board commingled trust
8 fund accounts, the state patrol highway account, the state
9 reclamation revolving account, the state route number 520 civil
10 penalties account, the state route number 520 corridor account, the
11 statewide broadband account, the statewide tourism marketing account,
12 the supplemental pension account, the Tacoma Narrows toll bridge
13 account, (~~the teachers' retirement system plan 1 account,~~) the
14 teachers' retirement system combined plan 2 and plan 3 account, the
15 tobacco prevention and control account, the tobacco settlement
16 account, the toll facility bond retirement account, the
17 transportation 2003 account (nickel account), the transportation
18 equipment fund, the JUDY transportation future funding program
19 account, the transportation improvement account, the transportation
20 improvement board bond retirement account, the transportation
21 infrastructure account, the transportation partnership account, the
22 traumatic brain injury account, the tribal opioid prevention and
23 treatment account, the University of Washington bond retirement fund,
24 the University of Washington building account, the voluntary cleanup
25 account, the volunteer firefighters' relief and pension principal
26 fund, the volunteer firefighters' and reserve officers'
27 administrative fund, the vulnerable roadway user education account,
28 the Washington judicial retirement system account, (~~the Washington
29 law enforcement officers' and firefighters' system plan 1 retirement
30 account,~~) the Washington law enforcement officers' and firefighters'
31 system plan 2 retirement account, the Washington public safety
32 employees' plan 2 retirement account, the Washington school
33 employees' retirement system combined plan 2 and 3 account, the
34 Washington state patrol retirement account, the Washington State
35 University building account, the Washington State University bond
36 retirement fund, the water pollution control revolving administration
37 account, the water pollution control revolving fund, the Western
38 Washington University capital projects account, the legacy retirement
39 system account, the Yakima integrated plan implementation account,
40 the Yakima integrated plan implementation revenue recovery account,

1 and the Yakima integrated plan implementation taxable bond account.
2 Earnings derived from investing balances of the agricultural
3 permanent fund, the normal school permanent fund, the permanent
4 common school fund, the scientific permanent fund, and the state
5 university permanent fund shall be allocated to their respective
6 beneficiary accounts.

7 (b) Any state agency that has independent authority over accounts
8 or funds not statutorily required to be held in the state treasury
9 that deposits funds into a fund or account in the state treasury
10 pursuant to an agreement with the office of the state treasurer shall
11 receive its proportionate share of earnings based upon each account's
12 or fund's average daily balance for the period.

13 (5) In conformance with Article II, section 37 of the state
14 Constitution, no treasury accounts or funds shall be allocated
15 earnings without the specific affirmative directive of this section.

16 NEW SECTION. **Sec. 616.** A new section is added to chapter 41.26
17 RCW to read as follows:

18 The assets, liabilities, and membership of the law enforcement
19 officers' and firefighters' retirement system plan 1, the teachers'
20 retirement system plan 1, and the public employees' retirement system
21 plan 1, are hereby merged into a new plan in chapter 41.--- RCW (the
22 new chapter created in section 701 of this act).

23 NEW SECTION. **Sec. 617.** A new section is added to chapter 41.32
24 RCW to read as follows:

25 The assets, liabilities, and membership of the law enforcement
26 officers' and firefighters' retirement system plan 1, the teachers'
27 retirement system plan 1, and the public employees' retirement system
28 plan 1, are hereby merged into a new plan in chapter 41.--- RCW (the
29 new chapter created in section 701 of this act).

30 NEW SECTION. **Sec. 618.** A new section is added to chapter 41.35
31 RCW to read as follows:

32 The assets, liabilities, and membership of the law enforcement
33 officers' and firefighters' retirement system plan 1, the teachers'
34 retirement system plan 1, and the public employees' retirement system
35 plan 1, are hereby merged into a new plan in chapter 41.--- RCW (the
36 new chapter created in section 701 of this act).

1 Any section or provision of this act that is susceptible to more than
2 one construction must be interpreted so as to meet this requirement.

3 (b) If the federal internal revenue service issues a
4 determination letter stating that section 201 of this act is in
5 conflict with the plan qualification requirements for governmental
6 plans in section 401(a) of the internal revenue code, and the
7 conflict cannot be resolved through administrative action or
8 statutory change, then:

9 (i) Sections 401 through 404 of this act expire on the next June
10 30th following receipt of the letter or receipt of relevant notice;
11 and

12 (ii) Except for sections 401 through 404 of this act, this act is
13 null and void.

14 (c) The department of retirement systems must provide written
15 notice of the expiration date of sections 401 through 404 of this act
16 to affected parties, the chief clerk of the house of representatives,
17 the secretary of the senate, the office of the code reviser, and
18 others as deemed appropriate by the department.

--- END ---