

CHAPTER 236

[Engrossed Senate Bill No. 4275]
TEACHERS' RETIREMENT

AN ACT Relating to teachers' retirement; amending section 11, chapter 14, Laws of 1963 ex. sess. as last amended by section 9, chapter 52, Laws of 1982 1st ex. sess. and RCW 41.32.401; amending section 12, chapter 150, Laws of 1969 ex. sess. as last amended by section 11, chapter 52, Laws of 1982 1st ex. sess. and RCW 41.32.405; adding a new section to chapter 41.32 RCW; repealing section 41, chapter 80, Laws of 1947, section 19, chapter 274, Laws of 1955, section 12, chapter 14, Laws of 1963 ex. sess., section 13, chapter 150, Laws of 1969 ex. sess., section 12, chapter 52, Laws of 1982 1st ex. sess. and RCW 41.32.410; and providing an effective date.

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

Sec. 1. Section 11, chapter 14, Laws of 1963 ex. sess. as last amended by section 9, chapter 52, Laws of 1982 1st ex. sess. and RCW 41.32.401 are each amended to read as follows:

(1) For the purpose of establishing and maintaining an actuarial reserve adequate to meet present and future ((pension)) liabilities of the system and to pay for ((one-half)) an equitable portion of the operating expenses of the ((system, the director shall compute the amount necessary to be appropriated during the next legislative session for transfer from the state general fund to the teachers' retirement system during the next biennium)) department, the director shall determine the necessary contribution rates to be made by each employer on all members' total earnable compensation on the basis of the latest valuation prepared by the state actuary, and shall include a percentage contribution of the total earnable compensation, to be known as the "normal contribution" and an additional percentage contribution of such earnable compensation, to be known as the "unfunded liability contribution." The director shall notify employers of such rates at least thirty days prior to their effective date. Such ((computation)) determination shall provide for amortization of unfunded ((pension)) retirement system liabilities over a period of not more than fifty years from July 1, 1964. The legislature shall appropriate to the superintendent of public instruction the full amount recommended by the state actuary for the employer contribution rates for state funded certificated staff. ((The amount thus computed as necessary shall be reported to the governor by the director for inclusion in the budget. The legislature shall make the necessary appropriation from the state general fund to the teachers' retirement system after considering the estimates as prepared and submitted, and shall appropriate from the teachers' retirement fund the amount to be expended during the next biennium for operating expenses. The transfer of funds from the state general fund to the retirement system shall be at a rate determined by the director on the basis of the latest valuation prepared by the state actuary,

~~and shall include a percentage contribution of the total earnable compensation of the members for the biennium for which the appropriation is to be made, to be known as the "normal contribution," and an additional percentage contribution of such earnable compensation, to be known as the "unfunded liability contribution." Such transfers from the general fund shall be made before the end of each calendar quarter, except for the 1981-83 biennium such transfers from the general fund shall be made as provided in an act making an appropriation for the retirement system or as directed by rules promulgated under RCW 43.41.110(13). When payments are made less often than quarterly, the legislature shall appropriate additional amounts equal to the interest that would have been earned under a quarterly payment basis.)~~ The amounts ~~((transferred))~~ shall be ~~((distributed to))~~ deposited in the teachers' retirement fund for the payment of pensions, survivors' benefits, and the ((states's)) employer's share of the operating expenses for the system. ((The total amount of such transfers for a biennium shall not exceed the total amount appropriated by the legislature:)) However, a school district for the 1985-86 school year shall not be required to pay to the department of retirement systems for the employer contribution to the teachers' retirement system, any amount in excess of the funds received by such school district from the state through the office of the superintendent of public instruction for such purpose, and for the 1986-87 school year and thereafter, a school district shall not be required to pay at a rate exceeding the rate that the director sets for the employer contribution for each employee.

(2) In order to equitably reimburse the department of retirement systems expense fund, the director shall ascertain and report to each employer the contribution rate necessary to defray its proportional share of the cost of administering this chapter during either the next biennium or fiscal year, whichever is required to provide the amounts needed to defray such cost of administration. The director shall also ascertain at the beginning of either each biennium or each fiscal year, whichever is required, and request from the legislature an appropriation for the department of retirement systems expense fund sufficient to cover estimated expenses for the biennium or fiscal year.

Sec. 2. Section 12, chapter 150, Laws of 1969 ex. sess. as last amended by section 11, chapter 52, Laws of 1982 1st ex. sess. and RCW 41.32.405 are each amended to read as follows:

An income fund is hereby created for the purpose of crediting regular interest and such other income as may be derived from the deposits and investments of the various funds of the teachers' retirement fund. All accumulated contributions in the account of a terminated employee except as provided for in RCW 41.32.500 (1) through (3), 41.32.510, 41.32.810, and 41.32.815 shall be transferred to the income fund. If the former employee,

the former employee's beneficiary, or the former employee's estate at a future date requests the unclaimed contributions or reinstatement of the rights previously provided thereunder, the former employee's contributions shall be transferred from the income fund to the annuity fund and the former employee's account reestablished with all the rights which would have been due the former employee, the former employee's beneficiary, or the former employee's estate as if in fact the transfer to the income fund had not occurred. Any moneys that may come into the possession of the retirement system in the form of gifts or bequests which are not allocated to a specific fund, or any other moneys the disposition of which is not otherwise provided herein, shall be credited to the income fund. The moneys accumulated in the income fund shall be available for transfer, upon the director's authorization, (~~to the department of retirement systems expense fund toward payment of the members' share of the operating costs of the system as provided in RCW 41.32.410, and for regular interest allowance~~) to the various funds of the teachers' retirement fund; however, no interest may be credited to the pension fund: PROVIDED, That from such accumulated moneys the director shall have sole discretion to determine an amount thereof to be credited to the annuity fund which will thereupon be credited as regular interest to the individual members' accounts except that any accrued interest shall be credited at least annually to the individual members' accounts.

NEW SECTION. Sec. 3. There is added to chapter 41.32 RCW a new section to read as follows:

The amount paid by each employer shall be computed by applying the rates established by RCW 41.32.401 to the total earnable compensation of the employer's members as shown on the current payrolls of the employer. The employer's contribution shall be paid at the end of each month in the amount due for that month.

NEW SECTION. Sec. 4. Section 41, chapter 80, Laws of 1947, section 19, chapter 274, Laws of 1955, section 12, chapter 14, Laws of 1963 ex. sess., section 13, chapter 150, Laws of 1969 ex. sess., section 12, chapter 52, Laws of 1982 1st ex. sess. and RCW 41.32.410 are each repealed.

NEW SECTION. Sec. 5. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 6. This act shall take effect September 1, 1985. However, rules necessary for the implementation of this act may be promulgated by appropriate state agencies prior to the effective date.

Passed the Senate March 5, 1984.

Passed the House February 25, 1984.

Approved by the Governor March 27, 1984.

Filed in Office of Secretary of State March 27, 1984.