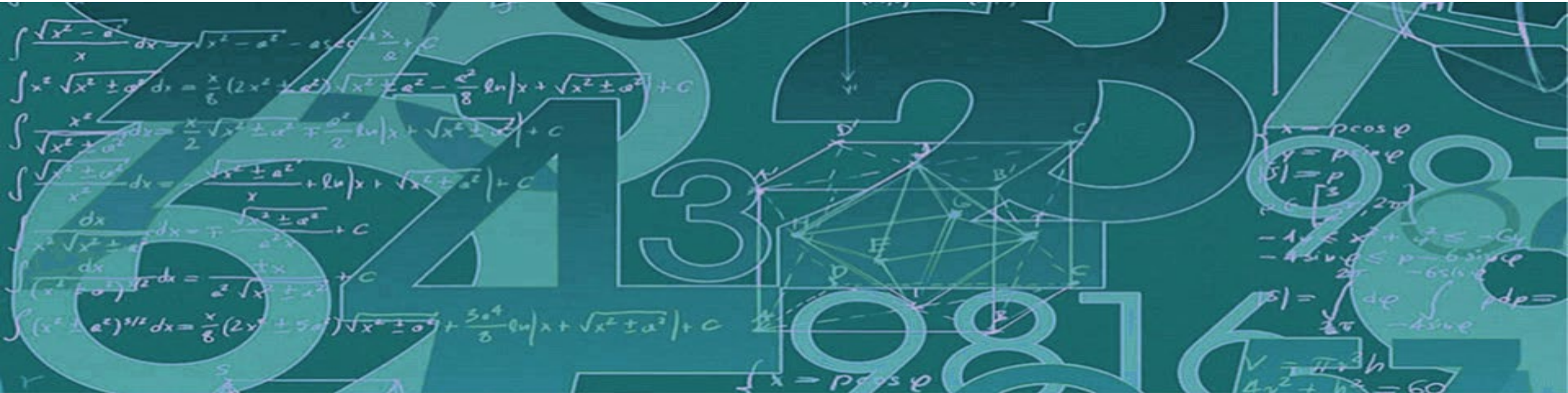


OSA Request Legislation

Presentation to: LEOFF Plan 2 Retirement Board

Matthew M. Smith, State Actuary, FCA, EA, MAAA



Today's Presentation

- Share draft request legislation for 2024 Session
- Solicit feedback
- Discuss next steps and respond to any questions



Background Information

- Proposed request legislation would update [RCW 44.44.040](#)
 - Powers and duties of the Office of the State Actuary
- Portions of the current law are outdated and not consistent with long-standing practices of the office and the legislature
 - Fiscal note requirement created in 1986
- Bill draft included in meeting materials

Sectional Walk-Through

■ Section 1(2)

- Removes advising on investment policies of the WSIB as an OSA duty
- To my knowledge, OSA has never provided this service; lacks adequate qualifications

■ Section 1(4)

- Aligns actuarial fiscal note requirements with OSA's current practices, applicable actuarial standards of practice, and current practices of the legislature
- Allows for greater application of professional judgment; one size approach rarely fits all

■ Section 1(5)

- Clarifies the additional services OSA provides to the Legislature

Next Steps

- Potentially revise bill draft based on feedback received
- Share bill draft with other stakeholders
- If the Board has interest in co-recommending this request legislation, I could bring final request legislation back to the Board later in the interim



Questions?



Questions? Please Contact: The Office of the State Actuary

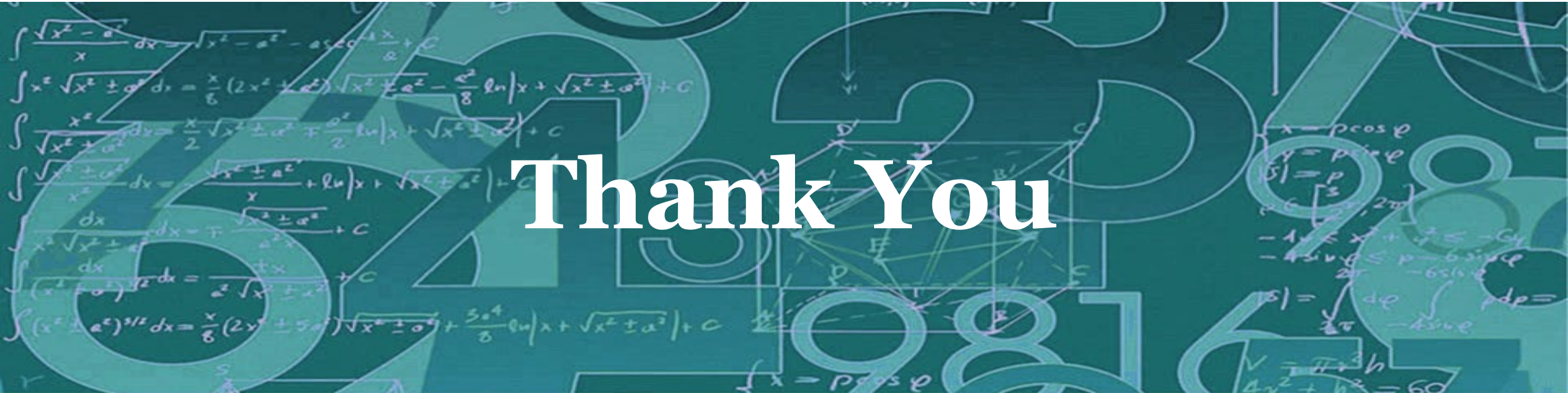
leg.wa.gov/OSA; state.actuary@leg.wa.gov

360-786-6140, PO Box 40914, Olympia, WA 98504

Matt Smith

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Thank You



BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0350.1/23

ATTY/TYPIST: KS:eab

BRIEF DESCRIPTION: Concerning duties of the office of the state
actuary.

1 AN ACT Relating to duties of the office of the state actuary; and
2 amending RCW 44.44.040.

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

4 **Sec. 1.** RCW 44.44.040 and 2022 c 233 s 9 are each amended to
5 read as follows:

6 The office of the state actuary shall have the following powers
7 and duties:

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

10 (2) Advise the legislature and the governor or governor's
11 designee regarding pension benefit provisions(~~(7)~~) and funding
12 policies (~~(and investment policies of the state investment board)~~).

13 (3) Consult with the legislature and the governor or governor's
14 designee concerning determination of actuarial assumptions used by
15 the department of retirement systems.

16 (4) Prepare a report, to be known as the actuarial fiscal note,
17 on each pension bill (~~(introduced in the legislature)~~) that receives
18 a hearing in a fiscal committee of the legislature which briefly
19 explains the financial impact of the bill. The actuarial fiscal note
20 shall include: (a) (~~The statutorily required contribution for the~~
21 ~~biennium and the following twenty-five years;~~ (b) ~~the biennial cost~~

1 ~~of the increased benefits if these exceed the required contribution;~~
2 ~~and (c) any change in the present value of the unfunded accrued~~
3 ~~benefits. An actuarial fiscal note shall also be prepared for all~~
4 ~~amendments which are offered in committee or on the floor of the~~
5 ~~house of representatives or the senate to any pension bill. However,~~
6 ~~a majority of the members present may suspend the requirement for an~~
7 ~~actuarial fiscal note for amendments offered on the floor of the~~
8 ~~house of representatives or the senate)) The impacts on key actuarial~~
9 ~~measurements as determined by the state actuary; (b) contribution~~
10 ~~rate and budget impacts; and (c) commentary on how the bill impacts~~
11 ~~the financial risks of the affected pension plans when those impacts,~~
12 ~~as determined by the state actuary, are significant.~~

13 (5) Provide such actuarial services to the legislature as may be
14 requested from time to time including, but not limited to, actuarial
15 fiscal notes on pension bills that do not receive a hearing in a
16 fiscal committee of the legislature and actuarial fiscal notes on
17 amendments to pension bills.

18 (6) Provide staff and assistance to the committee established
19 under RCW 41.04.276.

20 (7) Provide actuarial assistance to the law enforcement officers'
21 and firefighters' plan 2 retirement board as provided in chapter 2,
22 Laws of 2003. Reimbursement for services shall be made to the state
23 actuary under RCW 39.34.130 and section 5(5), chapter 2, Laws of
24 2003.

25 (8) Provide actuarial assistance to the committee on advanced
26 tuition payment pursuant to chapter 28B.95 RCW, including
27 recommending a tuition unit price to the committee on advanced
28 tuition payment to be used in the ensuing enrollment period.
29 Reimbursement for services shall be made to the state actuary under
30 RCW 39.34.130.

31 (9) Provide actuarial assistance to the long-term services and
32 supports trust commission pursuant to chapter 50B.04 RCW.
33 Reimbursement for services shall be made to the state actuary under
34 RCW 39.34.130.

35 (10) Provide actuarial assistance, as requested by the employment
36 security department or the office of financial management, to the
37 employment security department related to the family and medical
38 leave program in Title 50A RCW.

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