



# PROPOSED RULE MAKING

## CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Department of Labor and Industries

<input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as WSR 14-19-087 _____ ; or	<input checked="" type="checkbox"/> Original Notice
<input type="checkbox"/> Expedited Rule Making--Proposed notice was filed as WSR _____ ; or	<input type="checkbox"/> Supplemental Notice to WSR _____
<input type="checkbox"/> Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).	<input type="checkbox"/> Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject) Chapter 296 14 WAC, Industrial Insurance – Pension Tables, Pension Discount Rate and Mortality Tables

New: WAC 296-14-8810

### Hearing location(s):

Department of Labor and Industries  
7273 Linderson Way SW, Room: Auditorium  
Tumwater, WA 98501

Date: December 23, 2014 Time: 2 pm

### Submit written comments to:

Name: Suzy Campbell  
Address: PO Box 44208  
Olympia, WA 98504-4208  
e-mail [suzanne.campbell@lni.wa.gov](mailto:suzanne.campbell@lni.wa.gov)  
fax (360) 902-4960 by 5 pm on December 24, 2014

### Assistance for persons with disabilities: Contact

Sharon Avery by December 16, 2014  
at [sharon.avery@lni.wa.gov](mailto:sharon.avery@lni.wa.gov) or (360) 902-4252

Date of intended adoption: January 6, 2015  
(Note: This is NOT the effective date)

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** : The current mortality tables used to determine the funding needs for injured workers who are totally permanently disabled and for survivors of fatally injured workers are over 30 years old. The department conducted a study of pensioned injured workers and their spouses in our system from 2001 to 2012 together with 2000 US Census data. The study revealed the pension tables no longer reflect the current experience of pension beneficiaries funded by the pension reserve fund. These tables need to be updated for life expectancy and gender.

The pension discount rate is the interest rate used to account for the time value of money when evaluating the present value of future pension payments. The current Pension Discount Rate of 6.5 percent is too high given market rates of long-term Treasury bonds, which are considered by the actuaries for establishing discount rates. The department has worked with the Workers' Compensation Advisory Committee (WCAC) to develop a plan that would reduce the pension discount rate from the current 6.5 percent to 6.4 percent and continue to adjust annually, through 2022, until it reaches 4.5 percent.

The department plans to update the mortality tables and reduce the pension discount rate.

Statutory authority for adoption: RCW 51.04.020, RCW 51.44.070(1), RCW 51.44.080

Statute being implemented: RCW 51.44.070

### Is rule necessary because of a:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

### CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: **November 18, 2014**

TIME: **8:48 AM**

**WSR 14-23-063**

DATE  
11/18/14

NAME (type or print)  
Joel Sacks

### SIGNATURE

TITLE  
Director

**Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:**

None

**Name of proponent:** (person or organization) Department of Labor and Industries

- Private
- Public
- Governmental

**Name of agency personnel responsible for:**

Name	Office Location	Phone
Drafting..... Suzy Campbell	Tumwater, Washington	(360) 902-5003
Implementation.... Sandi Haerling	Tumwater, Washington	(360) 902-5006
Enforcement..... Vickie Kennedy	Tumwater, Washington	(360) 902-4997

**Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?**

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone ( ) \_\_\_\_\_

fax ( ) \_\_\_\_\_

e-mail \_\_\_\_\_

No. Explain why no statement was prepared.

L&I is exempt from preparing a small business economic impact statement under RCW 19.85.025(3) referencing RCW 34.05.310(4)(f) since the purpose of this rulemaking is to set or adjust fees pursuant to legislative standards.

**Is a cost-benefit analysis required under RCW 34.05.328?**

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone ( ) \_\_\_\_\_

fax ( ) \_\_\_\_\_

e-mail \_\_\_\_\_

No: Please explain:

L&I is exempt from preparing a cost-benefit analysis under RCW 34.05.328(5)(b)(vi) since the purpose of this rulemaking is to set or adjust fees pursuant to legislative standards.