

POLICY NUMBER: 2.35.200**EFFECTIVE DATE:** 2/19/15**TITLE:** Other Trust Funds Investment Policy**SUPERSEDES:** 6/21/07**BOARD ADOPTION:** 2/19/15**APPROVED:** 

PURPOSE

This document outlines the Washington State Investment Board's (WSIB) policy and objectives for other trust funds and supersedes any prior Board adopted policies. This policy and the stated objectives allow for sufficient flexibility in the management process to capture investment opportunities, yet provide parameters that will ensure prudence and care in the execution of the investment program for other trust funds.

The following other trust fund is invested by the WSIB:

Family Leave Insurance Account

A full description of each fund, including the specific asset allocation and performance benchmark, is listed in Addendum A.

POLICYStandard of Care

Under RCW [43.33A.030](#), trusteeship of the state's other trust funds is vested in the voting members of the Board. The Legislature has established a standard of care for investment of these funds in RCW [43.33A.140](#). Additionally, the Board and its staff must comply with other state laws, such as the Ethics in Public Service Act, RCW [42.52](#), as it makes its investment decisions and seeks to meet the investment objectives listed below.

Strategic Objective

The other trust funds' investments are to be managed to achieve the highest return possible consistent with the desire to emphasize current income. The strategic objectives include:

- A. Safety of Principal
- B. Current Income
- C. Preservation of the Public's Trust

Performance Objective

The other trust funds' investments are to emphasize stability and maximize income to support the operations of each program.

Risk Tolerance

Risk will be managed in a prudent manner. The funds have a below average ability to tolerate volatility.

Permissible Investments

- A. Government agencies and U.S. Treasuries.
- B. Short-term Investment Funds (STIF) that invest strictly in U.S. government or government agency instruments, including repurchase agreements for U.S. government and agency instruments.

- C. Cash collateral for security lending and collateral for repurchase agreements is restricted to U.S. Government and Government agency securities.

Portfolio Constraints

All assets under the management of the WSIB are to be invested to maximize return at a prudent level of risk in accordance with RCW [43.33A.110](#) and RCW [43.33A.140](#), which state, in part, that the WSIB is to “invest and manage the assets entrusted to it with reasonable care, skill, prudence, and diligence under circumstances then prevailing which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an activity of like character and purpose.”

Reporting

- A. A management information system is to be used for reporting internally to senior staff on the implementation of this policy.
- B. An executive management report is to be provided to the Board quarterly showing market values and performance.
- C. Annual reports on the asset allocation, income return, and trust status will be provided to major stakeholders.

RESPONSIBILITIES

WSIB is responsible for approving the investment policy and setting the funds' asset allocation.

Public Markets Committee is responsible for reviewing the structure and strategy of the equity and fixed income portfolios.

WSIB Staff are responsible for implementing policy and reporting to the Public Markets Committee and the Board.

POLICY REVIEW

The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.

Reference: Addendum A

Policy Adopted 1/18/01

Revised 10/16/03

Revised 7/20/06

Revised 6/21/07

Reviewed 4/27/09

Revised 2/19/15



FUND: Family Leave Insurance Account

DESCRIPTION: The family leave insurance account is created in the custody of the state treasurer. Expenditures from the account may be used only for the purposes of the family leave insurance program. Only the director of the department of labor and industries or the director's designee may authorize expenditures from the account. The account is subject to the allotment procedures under chapter [43.88](#) RCW. An appropriation is required for administrative expenses, but not for benefit payments.

STAKEHOLDER: Labor and Industries

AUTHORITY: RCW [49.86.180](#)

Sec. 20 INVESTMENT OF FAMILY LEAVE INSURANCE ACCOUNT. Whenever, in the judgment of the state investment board, there shall be in the family leave insurance account funds in excess of that amount deemed by the state investment board to be sufficient to meet the current expenditures properly payable therefrom, the state investment board shall have full power to invest, reinvest, manage, contract, or sell or exchange investments acquired with such excess funds in the manner prescribed by RCW [43.84.150](#), and not otherwise.

ASSET ALLOCATION: 100 percent Government fixed income.

BENCHMARK: 90-day U.S. Treasury Bills.

Original Policy adopted 10/16/03

Revised 7/20/06

Revised 6/21/07

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