



STATE OF WASHINGTON
DEPARTMENT OF LICENSING
PO Box 9020, Olympia, Washington 9850-9020

Washington Administrative Code
Notice of Permanent Rules for
Endowment Care Cemeteries

Adoption of: Chapter 98-12 WAC Endowment Care Cemeteries

Effective date: These rule changes will become effective 31 days after filing or on December 29, 2017.

What are the agency's reasons for adopting this rule?

Cemeteries would have the option of using the "total return distribution method" of investing and taking distributions to maintain healthy endowment care fund accounts with the ability to increase their fund principal over time.

Summary of all public comments received on this rule proposal and the agency's response to those comments:

With assurances that the proposed rule satisfies the "prudent man" fiduciary standard, no objections. –

Rod Stout

Agency response:

The Board currently uses two tools to provide assurance that the Trustees of an endowment care fund are managing the assets by fiduciary:

- Endowment Care Trust Agreement

The endowment care trust agreement outlines the duties of the trustor and trustees and is used as a guidance document for the management of the trust. The new rules implementing the total return distribution method require an amendment to the endowment care trust agreement to show intent to use the total return distribution method.

- Endowment Care Annual Reports

The endowment care annual reports require all depository and investment statements to verify the activity of the endowment care fund each year. The new rules implementing the total return distribution method requires trustees to provide additional information including an updated calculation of the average fair market value used to determine the income distribution.

The Administrative Procedure Act (RCW 34.05.325(6)) requires agencies to complete a concise explanatory statement before filing adopted rules with the Office of the Code Reviser. This statement must be provided to anyone who gave comment about the proposed rulemaking.

The Department of Licensing appreciates your involvement in this rulemaking process. If you have any questions, please contact Damon Monroe, Agency Rules Coordinator, at (360) 902-3843 or email dmonroe@dol.wa.gov.

The new rules also require trustees to provide a written investment and distribution policy, which shall include investments to achieve principal growth as well as current income.

The Board will continue to require trustees to sign a Statement of Fiduciary Responsibility.

Changes made to the proposed WAC as a result of public comment:

There are no differences between the text of the proposed rules as published in the register and the text of the rule as adopted.

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